

# CAL FACTS

April 1994



Elizabeth G. Hill  
Legislative Analyst

---



# **CAL**

---

# **FACTS**

## **CALIFORNIA'S ECONOMY AND BUDGET IN PERSPECTIVE**

**April 1994**

Legislative Analyst's Office  
925 L Street, Suite 1000  
Sacramento, CA 95814

---





**W**ith a state as big, as populous and as complex as California, it would be impossible to quickly summarize how its economy or state budget works. The purpose of *Cal Facts* is more modest. By providing various “snapshot” pieces of information, we hope to provide the reader with a broad overview of public finance in the state.

*Cal Facts* consists of a series of charts and tables which address questions frequently asked of our office. We hope the reader will find it to be a handy and helpful document.

*Elizabeth G. Hill*  
■ *Legislative Analyst*





# CONTENTS

---

iii

INTRODUCTION .....	i
CALIFORNIA'S ECONOMY .....	1
CALIFORNIA'S POPULATION .....	7
STATE AND LOCAL FINANCE .....	13
STATE SPENDING/REVENUE .....	23
PROGRAM TRENDS .....	33
LAO STAFF ASSIGNMENTS .....	57





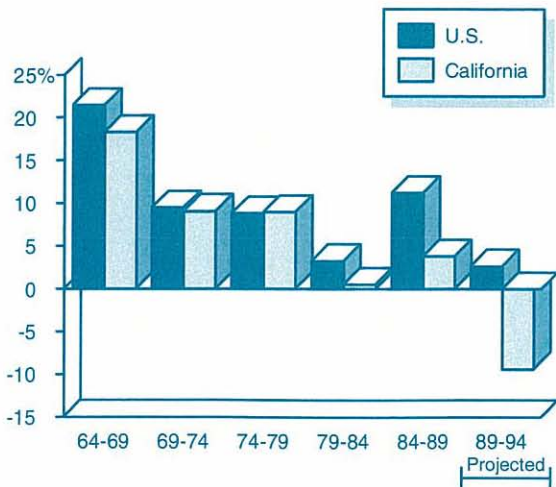
## California's Income Growth Has Slowed Markedly Since 1990



- California's total personal income grew consistently above 6 percent during the 1980s, while inflation averaged 4 percent.
- The recession that began in 1990 slowed income growth to the 2 percent range, well below the state's rate of inflation and population growth.
- California's share of national income has declined every year since 1990.



## California's Growth in Real Income<sup>a</sup> Per Capita Lags The Nation's

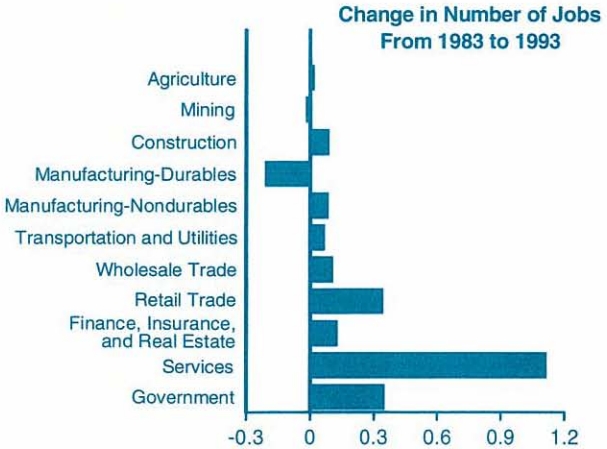


<sup>a</sup> Current dollar income adjusted for inflation.

- California's real income per capita increased very little during the 1980s and has been declining since the beginning of the 1990s.
- Factors contributing to this trend include: a relatively high unemployment rate since 1990; a changing job structure of less high-paying and more low-paying jobs and occupations; a slippage in the educational levels of some segments of the labor force; growth in the younger, nonworking population.

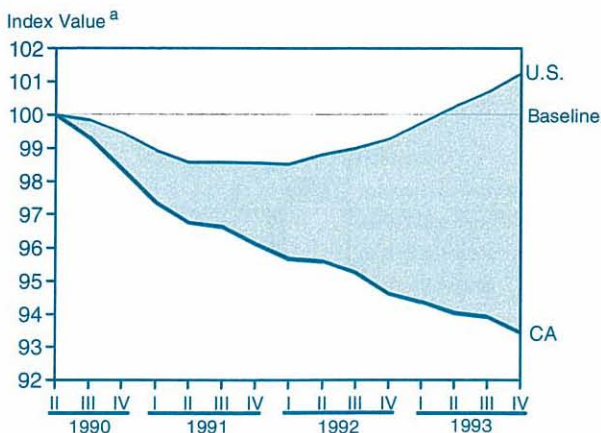
## California Payroll Employment Has Shifted Toward Services

(In Millions)



- California has followed the national trend of low growth or declines of employment in the “goods” sectors and high growth in the “services” sectors.
- Job decline in durables manufacturing employment, including most of defense products manufacturing, began in 1988.
- The service category includes rapidly growing activities such as health care and business services.

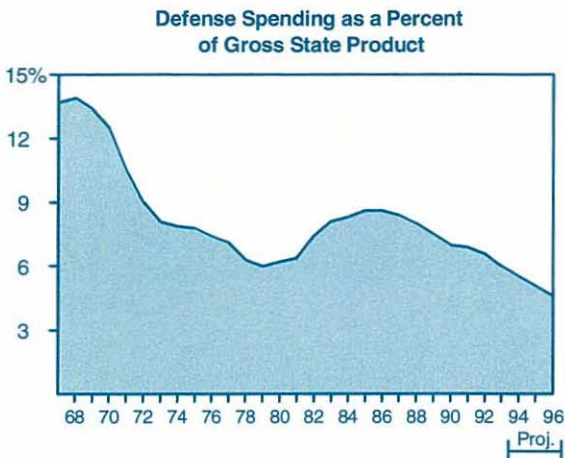
## California Employment Continues to Fall While U.S. Employment Grows



<sup>a</sup> Nonfarm payroll employment indexed to 100 in second quarter of 1990.

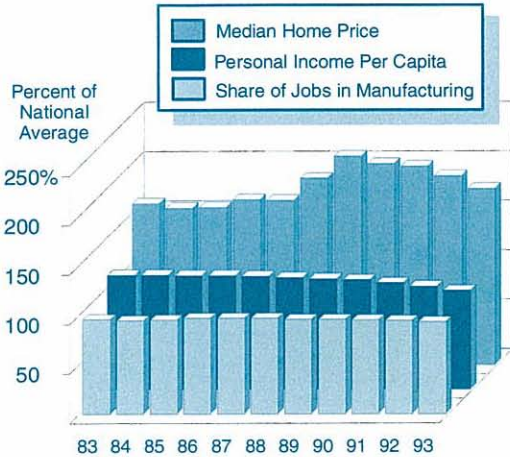
- The state's employment decline since 1990 compared with the nation is unprecedented.
- Historically, California's employment growth paralleled the nation's, but was higher.
- California never has been "recession proof," since a national downturn always meant a state slowdown, but the state usually has rebounded faster than the nation.

## Defense Share of California's Economy Continues to Decline



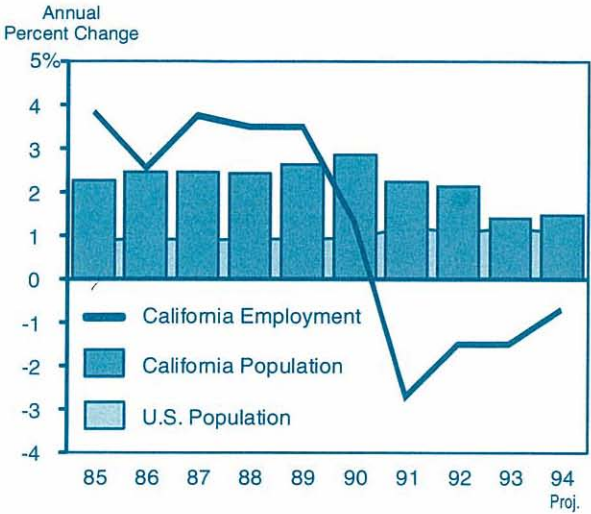
- Defense spending—including both contracts and military bases—has been the largest single “industry” in the state.
- The state’s economic expansion during the early 1980s was due in part to the rapid increase in defense spending.
- Recent and expected further decreases in defense spending are important reasons for the state’s current economic problems.

## California's Economic Characteristics Compared With U.S. Have Shifted



- California's personal income per capita fell from 15 percent above the nation in 1983 to the same as the nation in 1993. The percentage of payroll employment in manufacturing fell from 95 percent of the nation's rate in 1983 to 93 percent in 1993.
- The median single-family home price in the state was 63 percent above the national median in 1983. After rising to 111 percent above the nation in 1989, the state's home price ratio declined to 78 percent above the nation in 1993.

## California's Population Growth Slowed by Recession 1985 to 1994

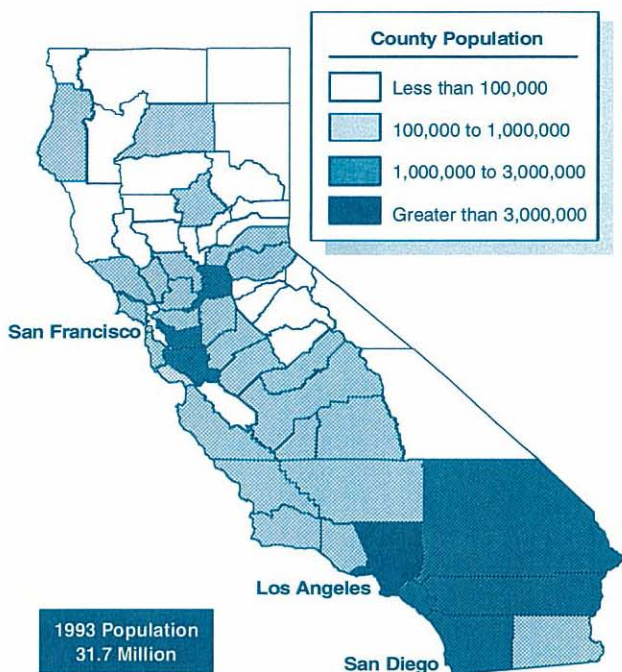


- During the 1980s, California's population grew twice as fast as the nation's, as rapid job growth attracted people from other states as well as foreign immigrants.
- In 1991, California's growth rate slowed as the state experienced job losses. Currently, there is a net outmigration of Californians to other states. California still is growing slightly faster than the nation, however, due to high fertility and continued foreign immigration.



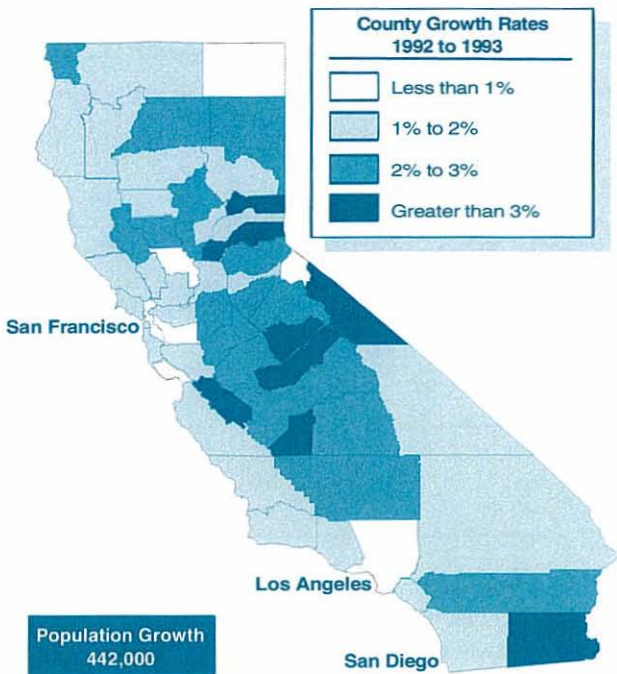


## Nearly Sixty Percent of the Population Is in Southern California 1993



- Almost thirty percent of all Californians lived in Los Angeles in 1993.
- About the same number of persons lived in the other seven southern-most counties.

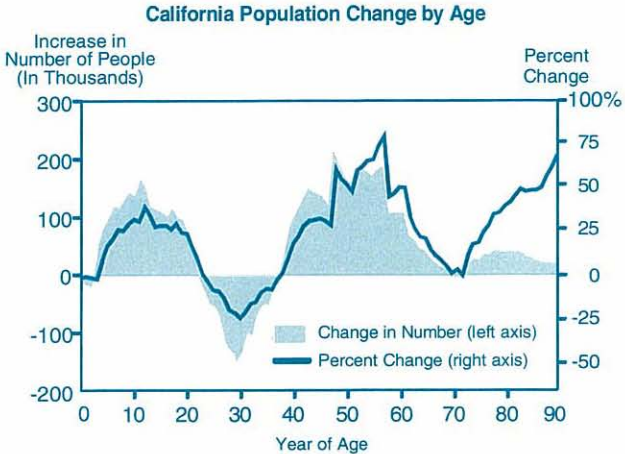
## Growth Slows in Coastal Urban Counties 1993



- Currently, high population growth is occurring mainly in Central Valley and foothill counties and in Riverside and Imperial Counties in southern California.
- Growth is less than 2 percent in all of the urban coastal counties, and under 1 percent in Los Angeles County.

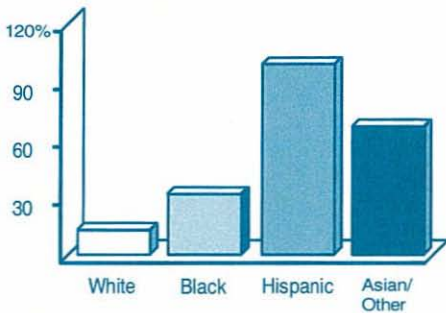
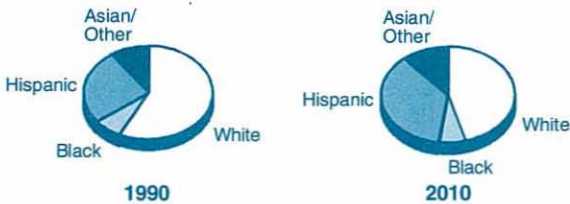


## The Number of Children and Older Workers Increases Rapidly 1994 to 2004



- Over the next 10 years, the number of people between 40 and 60 years old will increase by more than 50 percent as the baby boomers age.
- The school-age population will grow significantly by 2004, and the elderly population, while small, will grow very rapidly.
- The number of younger adults—those in their mid-twenties to mid-thirties—will decline over the next ten years, and the average age of California's working-age population (18-64) will increase from 38 to 40.

## Hispanics and Asians Will Account For Most of State's Population Growth

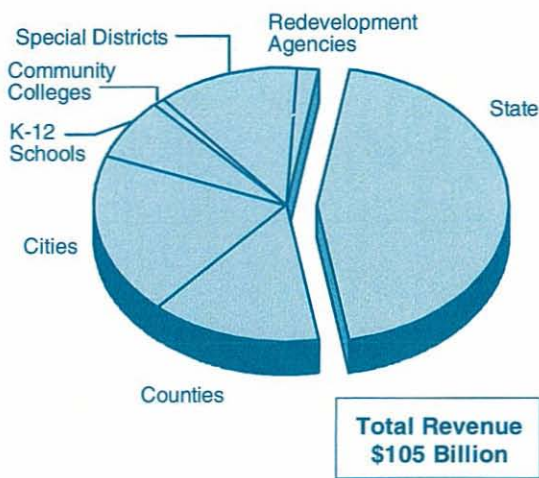


Percentage Population Growth  
1990 Through 2010

- Between 1990 and 2010, California's Hispanic population will double, and the state's Asian population will grow by two-thirds.
- The projected growth in the state's white (non-Hispanic) population is only 13 percent over the same period, so that by 2010 more than half (54 percent) of California's population will be of other races or ethnic groups.

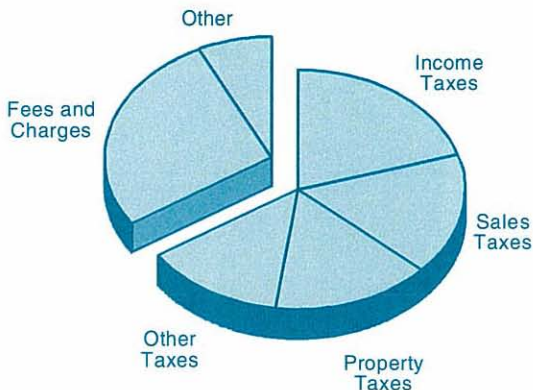


## Local Governments Raise More Revenue Than the State—1990-91



- The figure shows state and local own-source revenue, which includes tax and fee revenues but excludes funds received from another government entity. Local revenues include income of publicly owned utilities and other local government enterprises.
- More than half of the state's revenues were allocated to local schools and other local agencies.

## California State and Local Revenue Sources—No Single Source Predominates 1990-91



**Total Revenue  
\$105 Billion**

- The figure shows combined California state and local revenues by source in 1990-91.
- Tax collections represent two-thirds of combined state/local own-source revenues.
- Other miscellaneous taxes, such as utility user taxes, raise almost as much revenue as the property tax.

## Funding Mix Varies Among the State And Local Entities

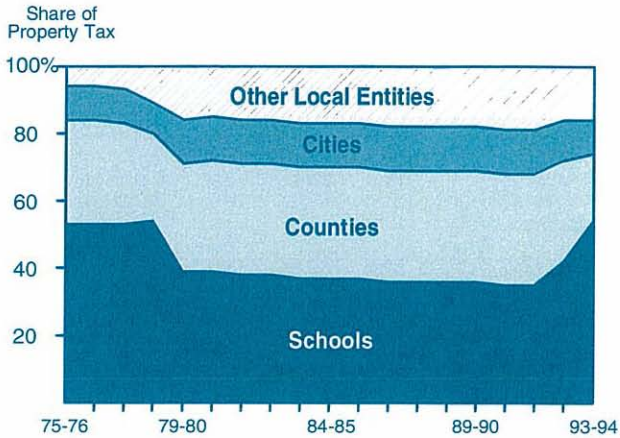
Source	Percent of Funding in 1990-91				
	State	Counties	Cities	K-12 Schools	Special Districts
Income taxes	45.3%	—	—	—	—
Sales taxes	29.3	6.1%	11.9%	—	—
Property taxes	—	28.7	11.2	23.1%	31.7%
Other taxes	20.4	2.9	17.4	2.7	—
Fees and charges	1.9	17.6	45.5	0.3	38.7
State aid	—	41.4	2.4	67.2	4.5
Other	3.0	3.3	11.6	6.8	25.2

Percentages may not add to 100% due to rounding.

- State aid provides a large portion of county and school funds, but only a small portion of the funding for cities and special districts.
- Amounts exclude federal funds.
- Income taxes include the state personal income tax and the state bank and corporation tax.

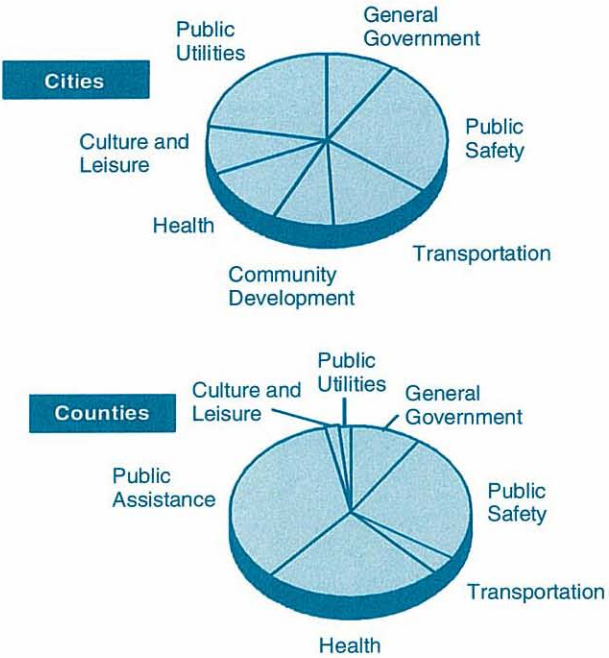


## Schools Receive More Than Half of Property Taxes



- After passage of Proposition 13 in 1978, the state increased its funding of schools and shifted property tax allocations from schools to other local entities to mitigate their Proposition 13 revenue losses.
- 1992-93 and 1993-94 budget actions shifted \$3.9 billion to schools from cities, counties, redevelopment agencies, and special districts, pushing the schools' share of property tax above 50 percent.
- A "reverse shift" proposed for 1994-95 would send property tax revenues totalling \$1.1 billion back to the counties from schools. Under this proposal, the schools' share of property tax revenues would total roughly 48 percent.

# Cities and Counties Spend Their Funds Differently 1991-92

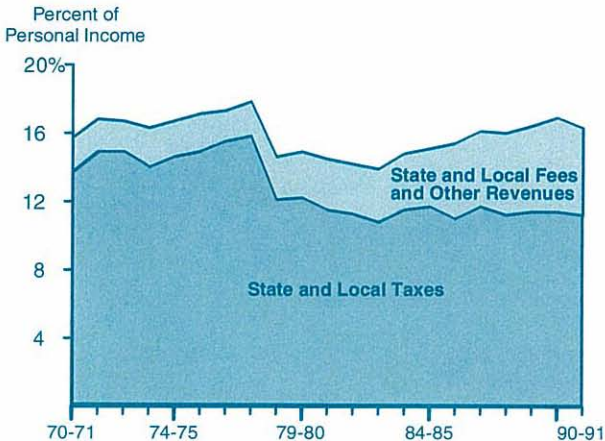


- Cities and counties both spend about one-quarter of their budgets on public safety. In the case of cities, this is mostly for police, but for counties, it is mostly for courts and jails.
- Health and public assistance consume more than half of county spending.





## Declining Tax Burden Offset by Increased Fees and Other Revenues



- After Proposition 13 (passed in 1978), the state's total state and local tax burden fell from around 5th highest in the nation to 22nd in 1991.
- Fees and other sources of state and local revenue have been increased greatly since 1978 as a substitute for taxes and because of reduced federal aid.
- Although 1992 and 1993 data are not yet available, recent state and local tax increases and slow personal income growth have probably raised the overall California tax burden.

## Approval/Voting Requirements for State and Local Taxes and Bonds

	Voting Requirement	Authority <sup>a</sup>
<b>State-Level Taxes:</b>		
General taxes	2/3 Legislative	Article XIII A, Section 3
Special taxes	2/3 Legislative	Article XIII A, Section 3
<b>Local -Level Taxes:</b>		
General taxes	Varies, Majority of Governing Board or Voters	Statutes
Special taxes	2/3 Voters	Article XIII A, Section 4
<b>State Bonds:</b>		
General obligation	Majority Voters	Article XVI, Section 1
Other <sup>b</sup>	Majority Legislative	Statutes
<b>Local Bonds:</b>		
General obligation	2/3 Voters	Article XIII A, Section 1
Other <sup>b</sup>	Majority Governing Body	Statutes

<sup>a</sup> Indicates the relevant state constitutional provision or that the requirement is established in statute by state law.

<sup>b</sup> Includes revenue bonds, lease payment bonds and certificates of participation.

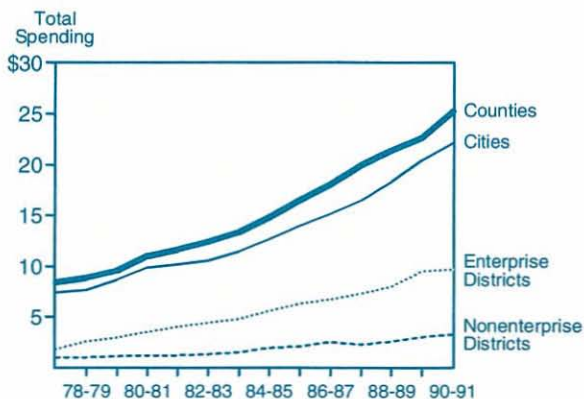
## State's Involvement in Most Program Areas Is Extensive—1993-94

Program	Policy Control	Operation	Funding
AFDC	Federal/State	Counties	
SSI/SSP	Federal/State	Federal	
General Assistance	State	Counties	
Mental Health	Counties	Counties	
Medi-Cal	Federal/State	State/Counties	
Indigent Health Care	State/Counties	Counties	
Public Health	State	Counties	
Courts	State	Counties	
Custody/Supervision	State/Counties	Counties/State	
Prosecution/Defense	State	Counties	
Public Safety	State	Counties/Cities	
Transportation	State/Local	State/Local	

Federal
 State
 Local

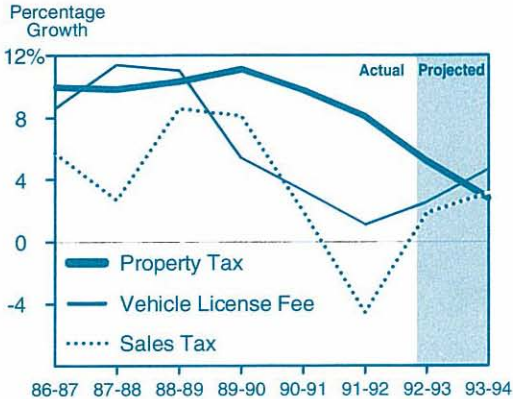
## City and County Spending Growth Outpaces Other Local Entities 1977-78 Through 1990-91

(In Billions)



- County and city spending have grown at similar rates over time, and have out-paced the growth in special district spending.
- Growth in county spending primarily reflects growth in public assistance and health programs. Growth in city expenditures primarily is explained by population growth and an increase in the number of cities incorporated over the period 1977-78 to 1990-91.

## Recession Has Slowed Growth In Local Revenues

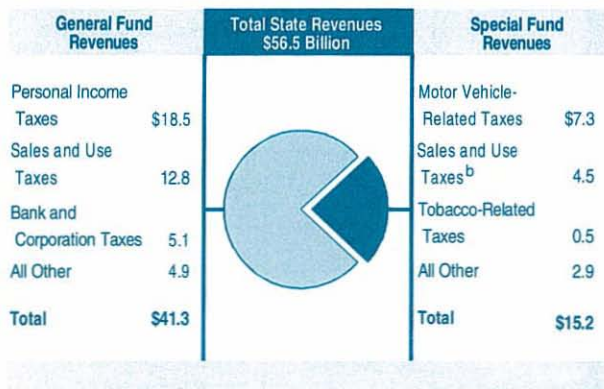


- Growth in the “Big Three” sources of local revenue has declined markedly since 1988-89.
- Growth in sales-based revenue sources (for example, sales tax, VLF) declined most precipitously as individuals and businesses retrenched and put off major purchases.
- The growth rate in sales-based revenue has bounced back somewhat since 1991-92, while growth in property tax revenues continues to decline.

## Income and Sales Taxes Provide the Largest Shares of State Revenue

(In Billions)

State Revenues in 1994-95<sup>a</sup>



<sup>a</sup> Governor's Budget estimates.

<sup>b</sup> Includes \$1.5 billion of state sales tax revenues allocated to Local Public Safety Fund which are not included in Governor's Budget totals.

- Personal income, sales, and bank and corporation taxes account for approximately 72 percent of total state government revenues.
- Special fund revenues are usually earmarked for specific purposes such as transportation funding.
- The Governor's Budget revenue estimates reflect an additional shift of General Fund sales and tax revenues to special funds to pay for a proposed transfer of health and welfare program responsibilities.



## California's Major Taxes

### State Taxes

	Rate	Description
Personal Income	Marginal rates of 1 to 11 percent	For the 1993 tax year, married couples who earn less than \$15,854 pay no tax. The 11% top rate applies to a couple's taxable income in excess of \$424,760.
Sales and Use Taxes	6 percent <sup>a</sup>	Applies to the final purchase price of tangible items.
Bank and Corporation Taxes— <i>General Corporations</i>	9.3 percent	Applies to the net income earned by corporations doing business in California.
Bank and Corporation Taxes— <i>Financial Corporations</i>	11.1 percent	Applies to the net income earned by financial corporations. A portion of the tax is in lieu of local personal property or business taxes.
Vehicle Fuel Taxes	18 cents per gallon of gasoline or diesel	Tax is collected from fuel distributors or wholesalers. Equivalent taxes are levied on other types of vehicle fuels.
Insurance Tax	2.35 percent	Tax is assessed on the gross premiums received by most types of insurance companies.
Alcohol and Cigarette Taxes	Wine and beer: 20 cents per gal. Spirits: \$3.30 per gal. Cigarettes: 37 cents per pack	Tax is collected from manufacturers or distributors.

## California's Major Taxes CONTINUED

### Local Taxes

	Rate	Description
Property Taxes	1 percent (plus amounts to pay off voter approved debt)	Tax is levied on the assessed value (usually based on purchase price plus a maximum annual inflation factor of 2 percent) of most real estate and various types of personal and business property (such as boats, airplanes, and business equipment).
Local Sales and Transaction Taxes	1.25 to 2.75 <sup>b</sup> percent	Collected with state sales and use tax. Revenues go to cities, counties, and special-purpose taxing districts.
Vehicle License Fees	2 percent	Tax is applied to original purchase price less depreciation as determined by statute. Tax is collected by the state and distributed to cities and counties.

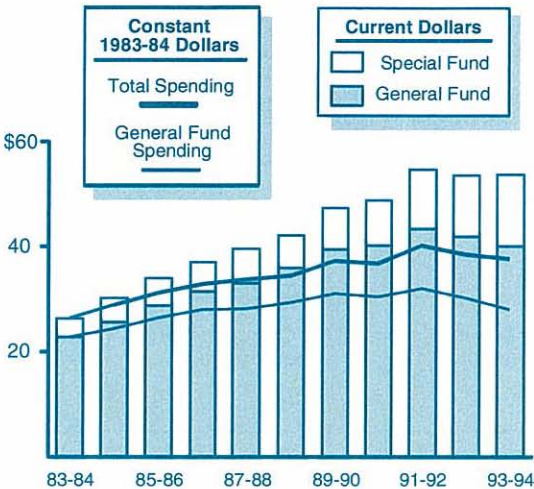
<sup>a</sup> This rate includes all state-imposed tax rates including rates levied for program realignment and local public safety.

<sup>b</sup> Maximum allowable combined rate, except maximum is 3.00 in San Francisco and 3.25 in San Mateo County. Currently, the highest actual local rate in the state is 2.50 percent in San Francisco.



## State Spending<sup>a</sup> Current and Constant Dollars

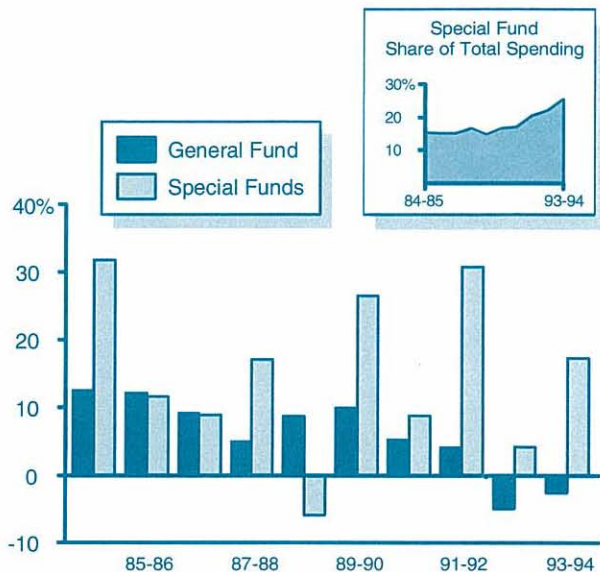
(In Billions)



<sup>a</sup>Excludes bond funds and federal funds.

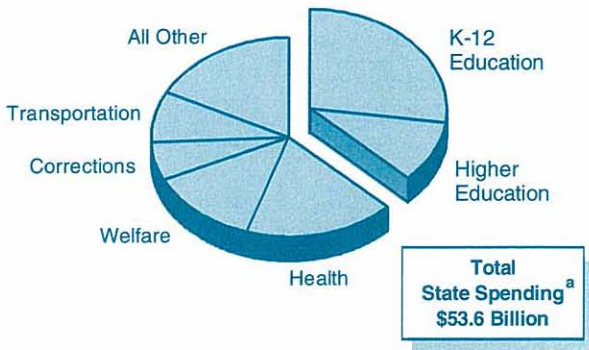
- Total spending grew at an annual rate of 9 percent from 1983-84 to 1991-92 (5.4 percent after adjusting for inflation). Since 1991-92, the fiscal constraints imposed by the state's recession have kept spending essentially flat in current dollars and reduced spending by 6.4 percent after adjusting for inflation.
- Special fund spending has grown rapidly, and is one-third the amount of General Fund spending in 1993-94.
- Spending shown in the figure includes off-budget Proposition 98 loans to schools.

## Special Fund Spending Growth Outpaces General Fund Growth



- Prior to 1991-92, growth in special fund spending reflected new fee-based environmental and recycling programs, Proposition 111 gasoline tax increases for transportation funds, and earmarked revenue from Proposition 99 cigarette tax increases.
- Since 1991-92, special fund spending growth largely reflects shifts of General Fund costs to local governments and state sales tax revenues to new special funds allocated to local governments to offset those costs.

## Education Accounts for Largest Share of State Spending in 1993-94 (In Billions)



<sup>a</sup> General Fund and special funds, excludes bond funds and federal funds, includes Proposition 98 school loans.

- Education's share of total spending is about 37 percent (\$19.4 billion). Education's share of General Fund spending is higher—49 percent.
- Together, education, health, welfare, and corrections account for 74 percent of total state spending.

## General Fund Operating Shortfalls Have Been Common In Recent Years<sup>a</sup>

(In Billions)



<sup>a</sup>Data are for fiscal years ending in year shown.

- The annual *operating* balance (surplus or shortfall) is the difference between current revenues and current spending in any year. Adding any carryover surplus or deficit from the prior year to the operating balance yields the *budget* balance.
- Since Proposition 13 was approved in 1978, state General Fund spending has exceeded revenues in all but three years through 1992-93. The 1993-94 operating surplus is based on January 1994 Governor's Budget estimates and is likely to be revised downwards.

## Initiative Measures Limit The State's Fiscal Flexibility

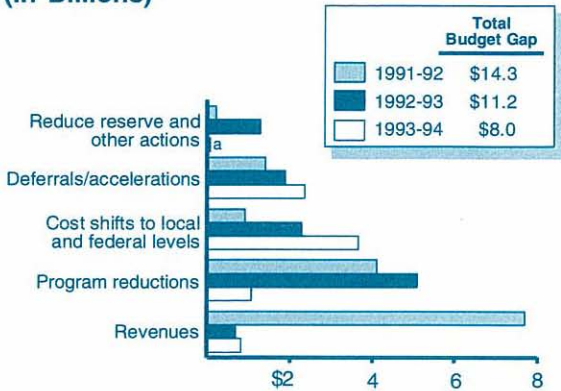
Measure/Election	Major Provisions
Proposition 13/ June 1978	<ul style="list-style-type: none"> <li>• Limits general property tax rate to 1 percent and limits increases in assessed value after a property is bought or constructed.</li> <li>• Makes Legislature responsible for dividing property tax among local entities.</li> <li>• Requires two-thirds vote for Legislature to increase taxes.</li> <li>• Requires two-thirds voter approval of new local special taxes.</li> </ul>
Proposition 4/ November 1979	<ul style="list-style-type: none"> <li>• Generally limits spending of "proceeds of taxes" by the state and local entities to prior-year amount, adjusted for population growth and inflation (now per capita personal income growth).</li> <li>• Requires state to reimburse local entities for mandated costs.</li> </ul>
Proposition 6/ June 1982	<ul style="list-style-type: none"> <li>• Prohibits state gift and inheritance taxes, except for "pickup" tax qualifying for federal tax credit.</li> </ul>
Proposition 7/ June 1982	<ul style="list-style-type: none"> <li>• Requires indexing of state personal income tax brackets for inflation.</li> </ul>
Proposition 37/ November 1984	<ul style="list-style-type: none"> <li>• Establishes state lottery and dedicates revenue to education.</li> <li>• Places prohibition of casino gambling in State Constitution.</li> </ul>



## Initiative Measures Limit The State's Fiscal Flexibility CONTINUED

Measure/Election	Major Provisions
Proposition 62/ November 1986	<ul style="list-style-type: none"> <li>Requires approval of new local general taxes by two-thirds of the governing body and a majority of local voters. Note: the courts have largely invalidated this measure.</li> </ul>
Proposition 98/ November 1988	<ul style="list-style-type: none"> <li>Establishes minimum state funding guarantee for K-12 schools and community colleges.</li> <li>Requires distribution to schools and community colleges of half of any state tax revenues in excess of the appropriations limit.</li> </ul>
Proposition 99/ November 1988	<ul style="list-style-type: none"> <li>Imposes surtax on cigarettes and tobacco products.</li> <li>Limits use of surtax revenue, primarily to augment health-related programs.</li> </ul>
Proposition 162/ November 1992	<ul style="list-style-type: none"> <li>Limits the Legislature's authority over PERS and other public retirement systems, including their administrative costs and actuarial assumptions.</li> </ul>
Proposition 163/ November 1992	<ul style="list-style-type: none"> <li>Repealed "snack tax" and prohibits any future sales tax on food items, including candy, snacks, and bottled water.</li> </ul>

## Strategies to Address Budget Gaps Have Changed—1991-92 Through 1993-94 (In Billions)

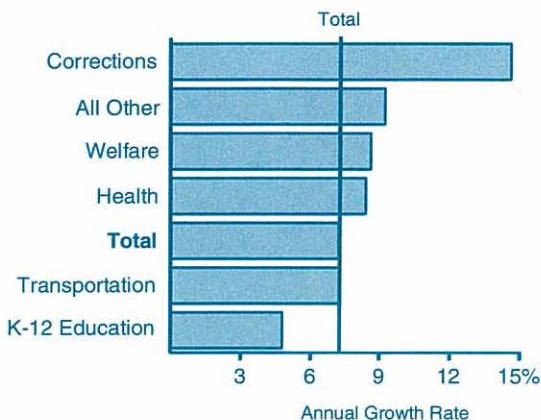


<sup>a</sup>The \$8 billion 1993-94 gap does not include any amount to restore a reserve, which would have added more than \$1 billion to the gap.

- The resolution of the 1991-92 budget gap relied primarily on additional revenues.
- The 1992-93 budget gap was resolved with a combination of reductions, cost deferrals, and revenue accelerations, and cost shifts to other levels of government.
- Most of the \$8 billion 1993-94 budget gap was resolved through cost shifts to local governments or the federal government or by deferring costs and accelerating revenues.
- The Governor's 1994-95 January budget proposal resolves a \$4.9 budget gap primarily by shifting \$3.1 billion of costs to the federal government.

## Corrections Spending Growth Highest Among State Programs

1983-84 Through 1993-94

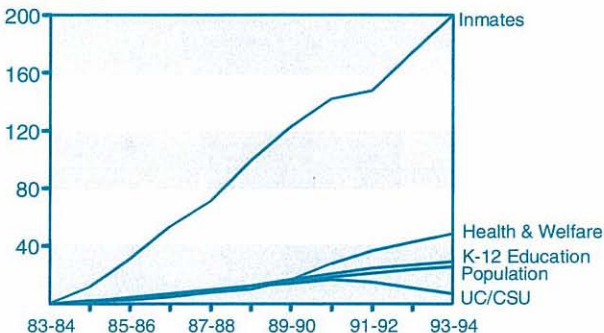


- Spending for corrections increased, on average, about 15 percent annually since 1983-84 while total state spending increased about 7 percent per year.
- The growth in the "All Other" category reflects major increases in local assistance from vehicle license fees, trial court funding grants, and sales tax allocations from the new Local Public Safety Fund (Proposition 172).
- The low growth rate of state spending for K-12 education reflects recent budget actions that have shifted a larger share of local property taxes to schools in order to reduce state spending. Including these property tax shifts would increase the K-12 growth rate to 7 percent.



## Prison Population is Growing Much Faster Than Other Caseloads

Percent Growth  
Since 1983-84



- The number of prison inmates has been growing much more rapidly than any other group, in part due to mandatory and longer sentences.
- A rapid rise in the number of health and welfare beneficiaries began in 1989-90 due to the growth in AFDC caseloads and additional federally mandated Medi-Cal eligibility categories.
- Enrollment at UC and CSU has declined in the last three years. The CSU reduction, which has been more dramatic than at UC, is due to budget constraints.

## Annual Cost Per Participant Varies Widely Among Major Programs 1993-94

	Number of Participants (In Millions)	Average Cost per Participant	
		General Fund	Total Government
<b>Corrections—inmates and wards</b>			
Prison	0.1	\$20,900	\$20,900
Youth Authority	0.01	32,000	32,000
<b>Education—students<sup>a</sup></b>			
K-12	5.2	\$2,534	\$4,217
UC	0.2	11,816	11,816
CSU	0.2	6,014	6,014
Community Colleges	0.9	1,054	2,811
<b>Health and Welfare—beneficiaries</b>			
Medi-Cal	5.4	\$1,500	\$2,300
AFDC	2.6	1,100	2,200
SSI/SSP	1.0	2,100	5,300

<sup>a</sup> Does not include federal funds or lottery funds.

- Youth Authority wards and prison inmates have the highest cost but are the least numerous. For example, it costs \$32,000 to house a Youth Authority ward in 1993-94, but \$4,200 to educate a student in K-12 school. However, prison inmates and Youth Authority wards number less than 140,000, while there are 5.2 million K-12 students.
- The costs shown are averages. The range of individual costs is especially large in the Medi-Cal Program. Nursing home patients in the Medi-Cal Program, for example, cost about \$25,000 annually to support.

## K-12 Enrollment Growth Slows; Higher Education Enrollments Decline

	1993-94 Enrollment <sup>a</sup> (Estimate)	Average Annual Growth Rate	
		1985-86 Through 1991-92	1991-92 Through 1993-94
Kindergarten through high school (K-12)	5,580,899	3.3%	1.5%
Community colleges	887,905	NA <sup>b</sup>	-3.5
California State University (CSU)	247,500	1.5	-4.4
University of California (UC)	151,713	2.2	-1.5

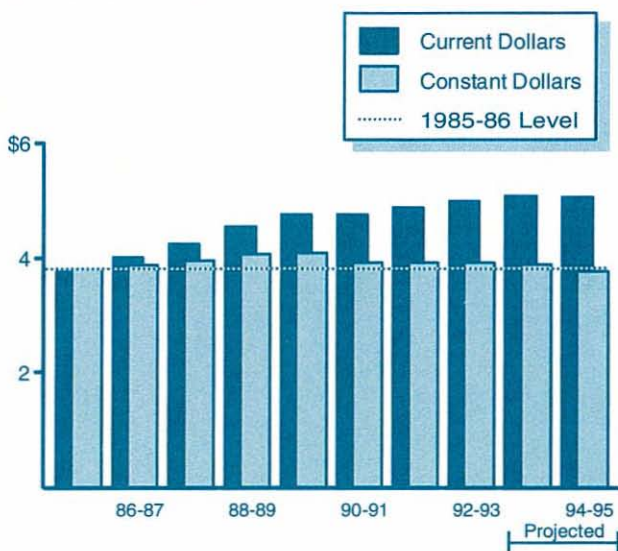
<sup>a</sup> Enrollment figures are average daily attendance (ADA) for K-12 and full-time equivalents (FTEs) for higher education.

<sup>b</sup> Not available.

- Annual growth of average daily attendance in K-12 schools in 1993-94 was at the lowest level in recent history—1.1 percent. The rate of growth is expected to increase in 1994-95 as California begins to recover from recession, and consequently sees a slowing in the rate of out-migration to other states.
- During the past two years, higher education enrollments have declined on average each year by 4.4 percent for CSU, 3.5 percent for the community colleges, and 1.5 percent for UC. The particularly large declines at the CSU and the community colleges are primarily due to budget reductions and fee increases, respectively.

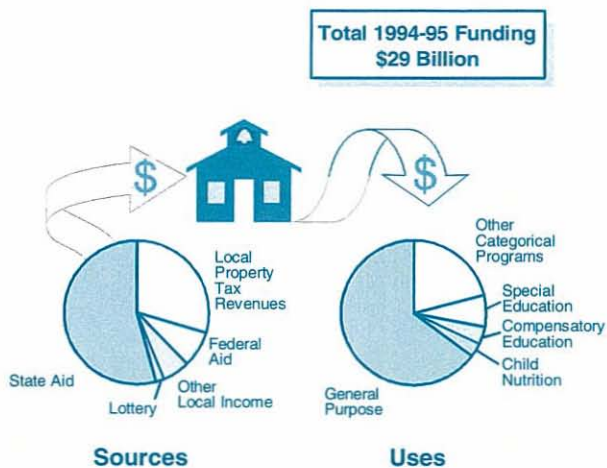
## Inflation-Adjusted Funding Per K-12 Student Declines Since 1989-90

(In Thousands)



- This figure shows funding from all state, federal, and local sources per student (ADA).
- Per-student funding in inflation-adjusted (constant) dollars is projected to decrease by a cumulative total of 1.1 percent during this ten-year period.
- Per-student funding in inflation-adjusted dollars increased for the first five years of this period and is projected to decline for the last five years.

## One-Third of Proposed K-12 School Spending Is for "Categorical" Programs

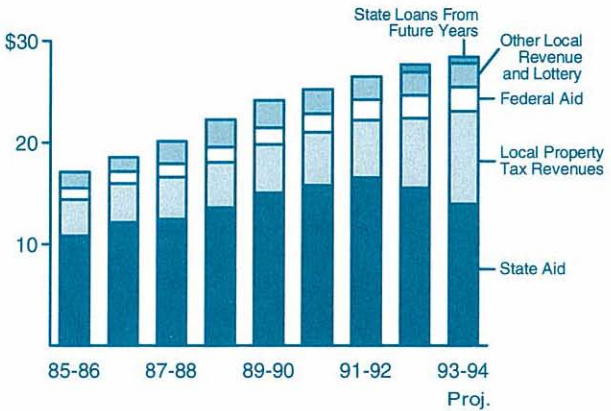


- State aid provides just over half of total proposed school funding in 1993-94.
- More than one-third of school spending is for "categorical" programs targeted at specific groups of students or particular needs.
- The largest categorical program is special education, at \$2.1 billion.



## Share of K-12 Education Funding Paid by Local Property Taxes Has Increased Dramatically

(In Billions)



- K-12 funding from all sources has increased by 70 percent since 1985-86.
- There are significant differences in the percentage increase for state aid (35 percent) and for local property tax revenues (153 percent) due to shifts of \$3.5 billion in property tax revenues from schools to other local government entities in 1992-93 and 1993-94.

## K-12 Pupils Becoming More Ethnically and Linguistically Diverse

	Percent of Total K-12 Enrollment	
	1981-82	1992-93
<b>Ethnicity</b>		
White (non-Hispanic)	56.4%	43.4%
Hispanic	25.8	36.1
African American	9.9	8.6
Asian or Pacific Islander	5.5	8.7
Filipino	1.6	2.4
American Indian/Alaskan Native	0.8	0.8
<b>Language</b>		
Limited English proficiency	10.7%	22.2%

- The majority of K-12 pupils in 1981-82 were non-Hispanic white (56 percent). In 1992-93, 43 percent of all K-12 pupils were non-Hispanic white, and no ethnic group constituted a majority among K-12 pupils.
- The proportion of Hispanic K-12 students increased significantly, from about one-quarter of total enrollment in 1981-82 to more than one-third in 1992-93.
- The proportion of pupils classified by the State Department of Education as limited-English proficient nearly doubled between 1981-82 and 1992-93.



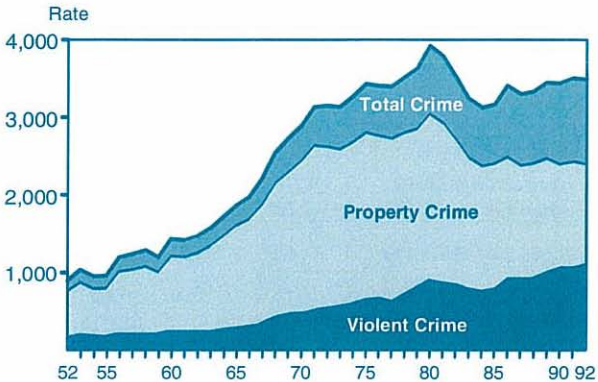
## Higher Education Student Fees Increasing Rapidly

	Annual Student Fee			Percent Change 1991-92 To 1993-94
	1991-92	1992-93	1993-94	
<b>University of California</b>				
Undergraduate/graduate	\$2,274	\$2,824	\$3,454	51.9%
Medicine/law	2,650	3,200	3,830	44.5
<b>California State University</b>	936	1,308	1,440	53.8
<b>California Community Colleges<sup>a</sup></b>	120	300	390	225.0
<b>Hastings College of the Law</b>	2,650	3,200	3,830	44.5
<b>California Maritime Academy</b>	978	1,370	1,507	54.1

<sup>a</sup> 1992-93 fees are as of January 1, 1993.

- Community college fees have increased the most rapidly—225 percent—but they remain the lowest in the nation.
- 1994-95 fees are not shown because the budget does not propose specific fee increases for most of the segments.

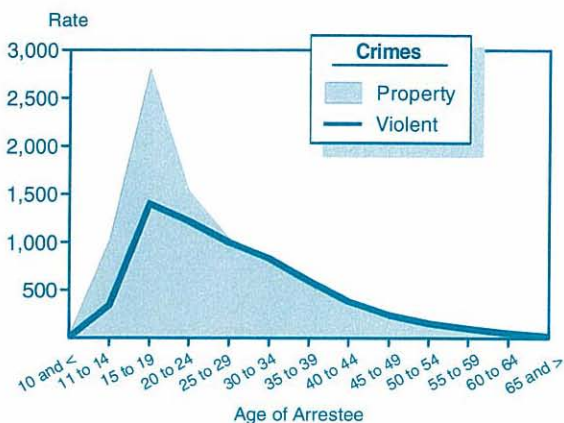
## Crime Rate Peaked in California in 1980<sup>a</sup>



<sup>a</sup>Rate per 100,000 population.

- California's crime rate, as measured by the California Crime Index (CCI), has increased about 290 percent since 1952. The state's population increased about 169 percent over the same period.
- The crime rate reached its peak in 1980, declined for four years, and began to increase in 1985, with much of the decline due to a significant drop in property crime. Although there are probably many reasons for the decline after 1980, many researchers consider the aging of the population (particularly the aging of "baby-boomers") as the principal reason.

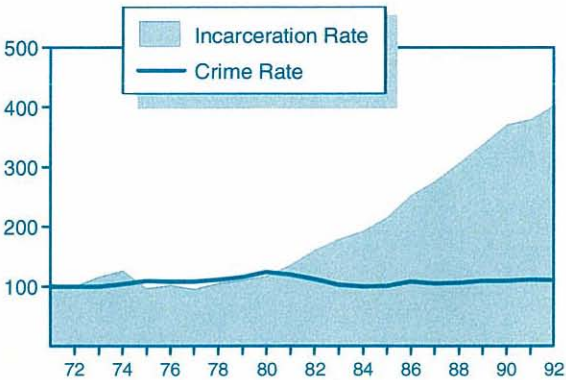
## Felony Arrests Highest Among The Young<sup>a</sup> 1992



<sup>a</sup> Rate per 100,000 age-eligible population.

- Felony crime arrest rates peak in the 15- to 19-year-old age group.
- About half of all persons arrested in California in 1992 were between the ages of 11 and 24. This group, however, makes up only about 20 percent of the state's total population.

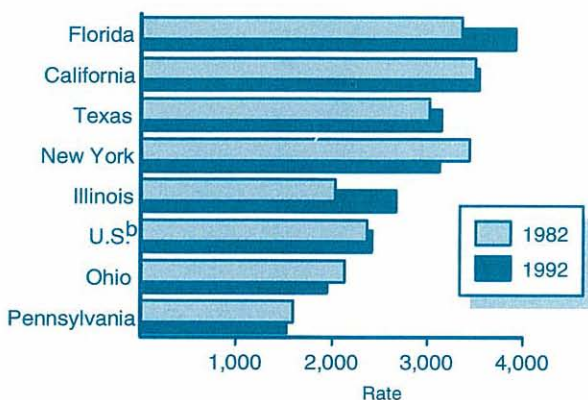
## Crime Rate Remains Stable Despite Sharp Increase in Imprisonment<sup>a</sup>



<sup>a</sup>Change in rates per 100,000 population, indexed to 1972.

- California's incarceration rate has increased almost 300 percent since 1971 while the crime rate remained relatively flat (it increased about 11 percent).
- Some researchers argue that this situation should be expected because they believe that incarcerating more people for a longer period of time has no impact on the crime rate. Others disagree and argue that the crime rate would have increased significantly if the rate of imprisonment had not increased so significantly.

## California's Crime Rate Higher Than Many Large States<sup>a</sup>

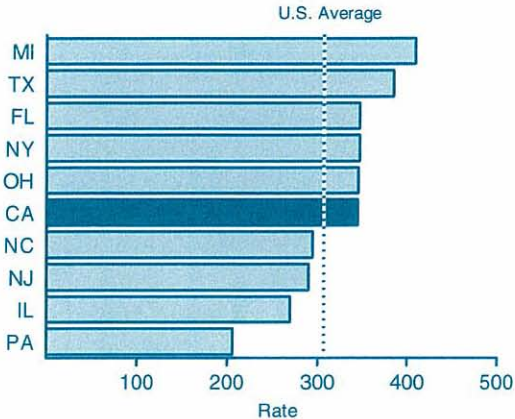


<sup>a</sup> Rate per 100,000 population in states with populations of 10 million or more.

<sup>b</sup> Excludes California.

- California's 1992 crime rate is higher than the nation's rate and is the second highest among the large states.
- Florida's 1992 rate was the highest among the large states and was about 11 percent higher than California's rate. The highest rate in the nation is in the District of Columbia, with a rate that is almost twice as high as California's.
- California ranks third (behind Florida and New York) in overall violent crime and second (behind Florida) in overall property crime. California ranks first in one individual crime—motor vehicle theft.

## California's Incarceration Rate<sup>a</sup> Is Above the National Average 1993

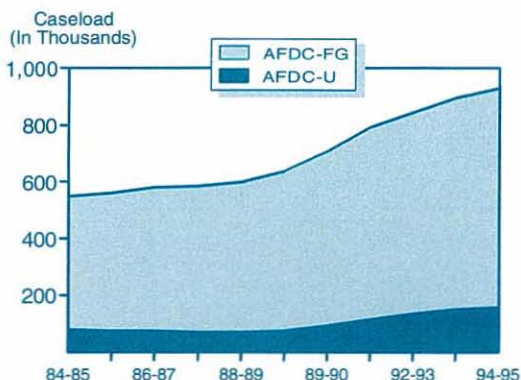


<sup>a</sup>Number of persons with prison sentences of more than one year per 100,000 residents.

- California's incarceration rate was above the U.S. average in 1993, and was the sixth highest among the ten largest states.
- Incarceration rates reflect the sentencing practices of each state, such as the length of sentences, in addition to the frequency and severity of crimes committed.



## California's AFDC Caseloads Have Been Increasing<sup>a</sup>

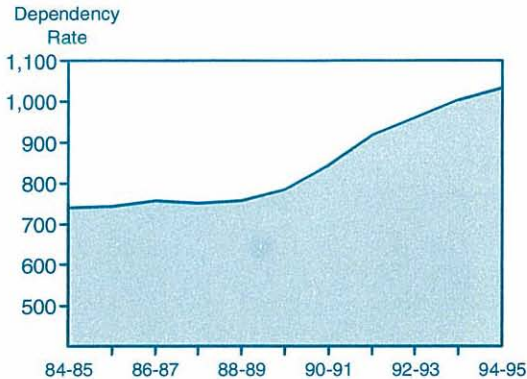


<sup>a</sup> Aid to Families with Dependent Children (AFDC cases) excludes foster care cases.

- The AFDC-Family Group caseload has increased primarily as a result of (1) the increase in the number of women of childbearing age, (2) the increase in the number of "child only" cases, including citizen children of undocumented immigrants, and (3) societal changes such as the increase in births to unwed mothers.
- The AFDC-Unemployed caseload has increased primarily due to economic changes, such as the recession beginning in 1990.

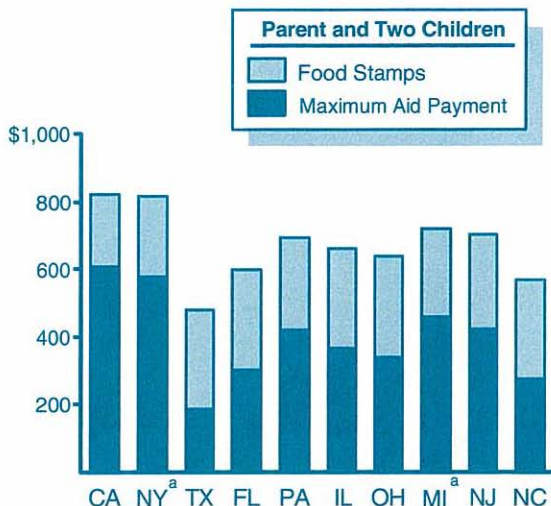


## California's Families Have Become More Dependent on Welfare



- The dependency rate is the number of AFDC (Family Group) cases per 10,000 women age 15 through 44. Thus, the graph “controls” for the effect of population changes on the caseload.
- The dependency rate remained constant between 1984-85 and 1988-89, thereby suggesting that population increase (women of childbearing age) was the dominant factor in explaining caseload growth during this period. Since 1988-89, societal changes (for example, increase in unwed mothers) have played a more important role.

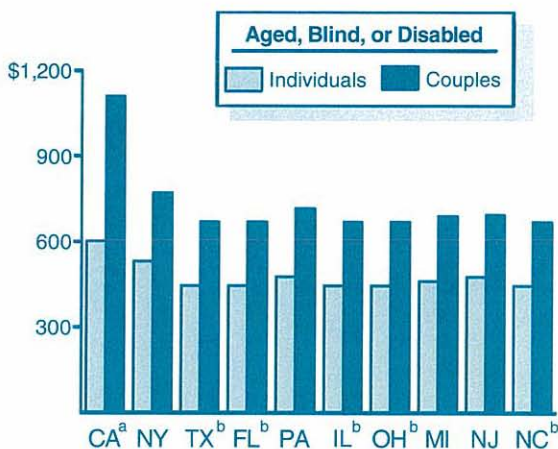
## California's AFDC Grants Highest Among The Ten Largest States January 1994



<sup>a</sup> These state have regional grants. Amount shown is for major population center.

- Of the ten largest states, California provides the highest maximum welfare grant to families under Aid to Families with Dependent Children (AFDC). Amounts shown are for a family of three under the family group component—generally single parents with children—which includes most recipients.
- AFDC recipients also receive federal food stamp benefits, which decline as the grant amount increases.

## California's SSI/SSP Grants Highest Among the Ten Largest States January 1994



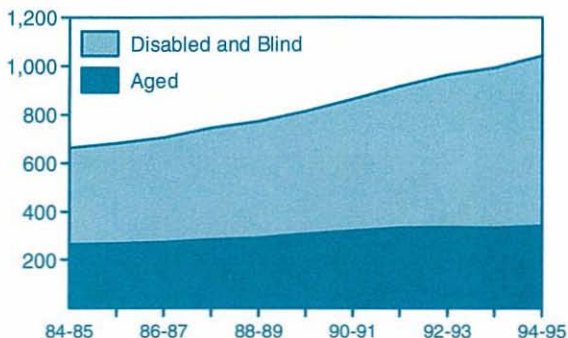
<sup>a</sup> California provides an additional payment to blind persons.

<sup>b</sup> Federal amount only; state provides no supplemental grant.

- California's SSI/SSP grant levels are 13 percent larger for individuals and 44 percent higher for couples than those in the state with the second largest grants (New York).
- Of the ten largest states, five do not provide any state supplemental grant. In those states, eligible persons receive only the federal SSI amount (\$446 for individuals or \$669 for couples).

## Disabled Recipients Are Largest and Fastest Growing Segment of the SSI/SSP Caseload

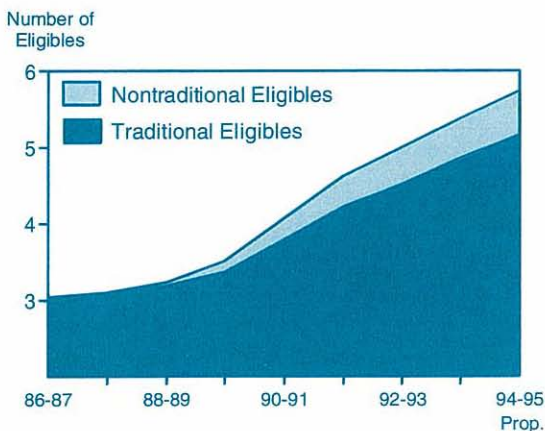
SSI/SSP Cases  
(In Thousands)



- The SSI/SSP program provides cash assistance to low-income persons who are elderly, disabled, or blind.
- Major factors explaining the growth in the SSI/SSP disabled caseload:
  - Increase in AIDS-related disabilities.
  - Federal expansion of eligibility.
  - Increased life expectancy for disabled persons.
  - Federal and state outreach programs.

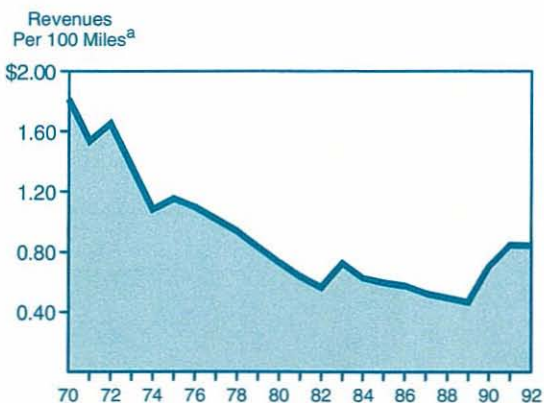
## Number of Californians on Medi-Cal Growing Rapidly

(In Millions)



- Currently the Medi-Cal Program serves a dramatically higher proportion of California's population than was the case at any point in the 1980s.
- Federal and state decisions to expand Medi-Cal coverage to "nontraditional" eligibles—largely newly legalized and undocumented persons, children, and pregnant women—account for some, though not the majority, of the increase.
- About one in six Californians, or 5.7 million persons, will be eligible for Medi-Cal in 1994-95.

## State Gas Tax Revenue per Miles Driven Has Declined

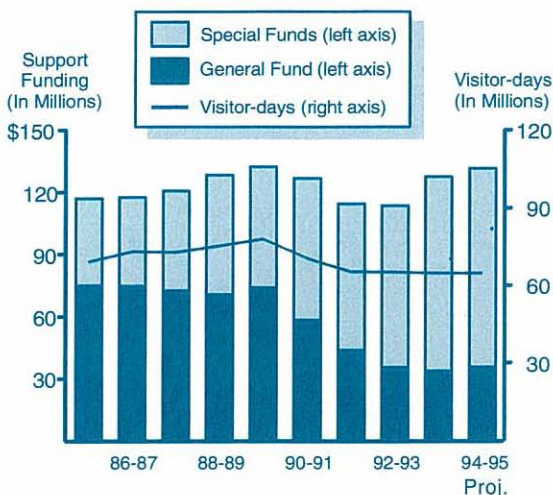


<sup>a</sup> Revenues in 1987 dollars per 100 vehicle miles driven on state highways.

- The amount of state gasoline tax revenue generated for every 100 miles driven on state highways is on a downward trend. This is due to inflation and the fact that miles driven is growing faster than fuel consumption.
- Periodic increases in gasoline taxes per gallon have temporarily increased revenues, but inflation and improving fuel efficiency will continue to erode gasoline tax revenues.



## State Parks General Fund Support Is Declining<sup>a</sup>



<sup>a</sup>Constant (inflation-adjusted) 1985-86 dollars; excludes federal funds and reimbursements.

- General Fund support for state park operations has declined sharply and has been replaced by special fund support.
- Special fund support for park operations is primarily from park user fees and certain portions of state cigarette and gasoline taxes.
- Projected 1994-95 visitor-days is below the 1985-86 level. The Department of Parks and Recreation attributes reduced visitor-days to weather and the recession.

## Projected Capital Outlay Needs For the State and K-12 Education 1994-95 Through 1998-99

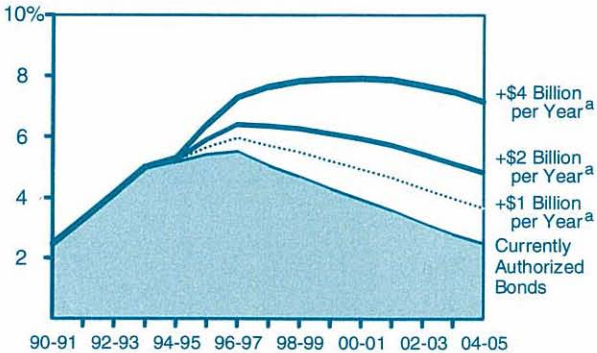
(In Billions)

	Five-Year Total <sup>a</sup>
State/Consumer Services	\$1.5
Transportation	14.9
Resources	0.6
Health/Welfare	0.3
Youth/Adult Corrections	7.8
K-12 Education	15.0
Postsecondary Education	6.3
<b>Total</b>	<b>\$46.7</b>

<sup>a</sup> Based on five-year capital outlay plans prepared by state agencies, except Youth/Adult Corrections and K-12 Education, which are Legislative Analyst's estimates.

- The state has identified the need for nearly \$50 billion for capital outlay over the next five years.
- The state finances most of these capital outlay programs with bonds.
- The exception is transportation, which is funded primarily from state and federal gas taxes.
- About \$4 billion of the \$7.8 billion for Youth/Adult Corrections is the initial impact of the recently enacted "Three Strikes and You're Out" legislation.

## Share of General Fund Revenue Needed for Bond Payments



<sup>a</sup>Represents debt ratio if additional annual sales of general obligation bonds occur starting in 1994-95.

- This figure shows estimated costs to pay principal and interest on state bonds as a percentage of projected state General Fund revenues (the state's debt-service ratio).
- With no additional bond authorizations, the debt-service ratio peaks at 5.5 percent in 1996-97.
- Issuing \$4 billion annually of additional bonds, starting in 1994-95, would raise the debt-service ratio to a peak of 7.9 percent in 1999-00.

### ELIZABETH G. HILL • LEGISLATIVE ANALYST

*Hadley Johnson, Deputy*

*Mac Taylor, Deputy*

Phone: 916 • 445 • 4656

### BUSINESS, LABOR, AND CAPITAL OUTLAY

*Director:* ..... *Gerald Beavers*

Capital outlay/bond financing ..... *Chuck Nicol*

Business regulation and development ..... *Meg Svoboda*

Labor and consumer issues ..... *Joseph Crowley*

Pensions/state employee issues ..... *Robert Turnage*

### CRIMINAL JUSTICE AND STATE ADMINISTRATION

*Director:* ..... *Craig Cornett*

Adult corrections ..... *Raul Bernard Orozco*

Courts/law enforcement ..... *David Esparza*

Juvenile/local criminal justice ..... *Clifton John Curry*

State Administration ..... *Robert A. Dell'Agostino*

### EDUCATION

*Director:* ..... *Carol Bingham*

UC/special education ..... *R. Stuart Marshall*

CSU/community colleges ..... *Donna Watkins Olsson*

K-12 financing issues ..... *Robert Loessberg-Zahl*

Categorical programs ..... *Paul Warren*

Categorical programs ..... *Alva V. Johnson, III*

**HEALTH AND WELFARE**

Director: .....	Chuck Lieberman
Welfare/cash grants .....	Bill Lucia
Social services .....	Agnes Lee
Medi-Cal .....	Bill Wehrle
Health services .....	Tina Z. Bass
Developmental services/ Mental health .....	Jeanette Michalczuk

**STATE AND LOCAL FINANCE**

Director: .....	Peter Schaafsma
Budget overview .....	Daniel P. Rabovsky
State taxes .....	Vacant
Local government .....	Sarah L. R. Olsen/ Marianne O'Malley
Economic issues/ Revenue forecasting .....	Phillip Vincent

**TRANSPORTATION AND RESOURCES**

Director: .....	Dana Curry
Transportation financing/ mass transit .....	Kimberly McCord
Highway operations and capital outlay .....	Michael Cunningham
Resources Agency departments .....	Cameron Keyes
Environmental Protection Agency departments .....	Mark C. Newton

**SPECIAL ASSIGNMENTS**

Special Projects .....	Jim Patterson
------------------------	---------------

Legislative Analyst's Office  
925 L Street, Suite 1000  
Sacramento, CA 95814

