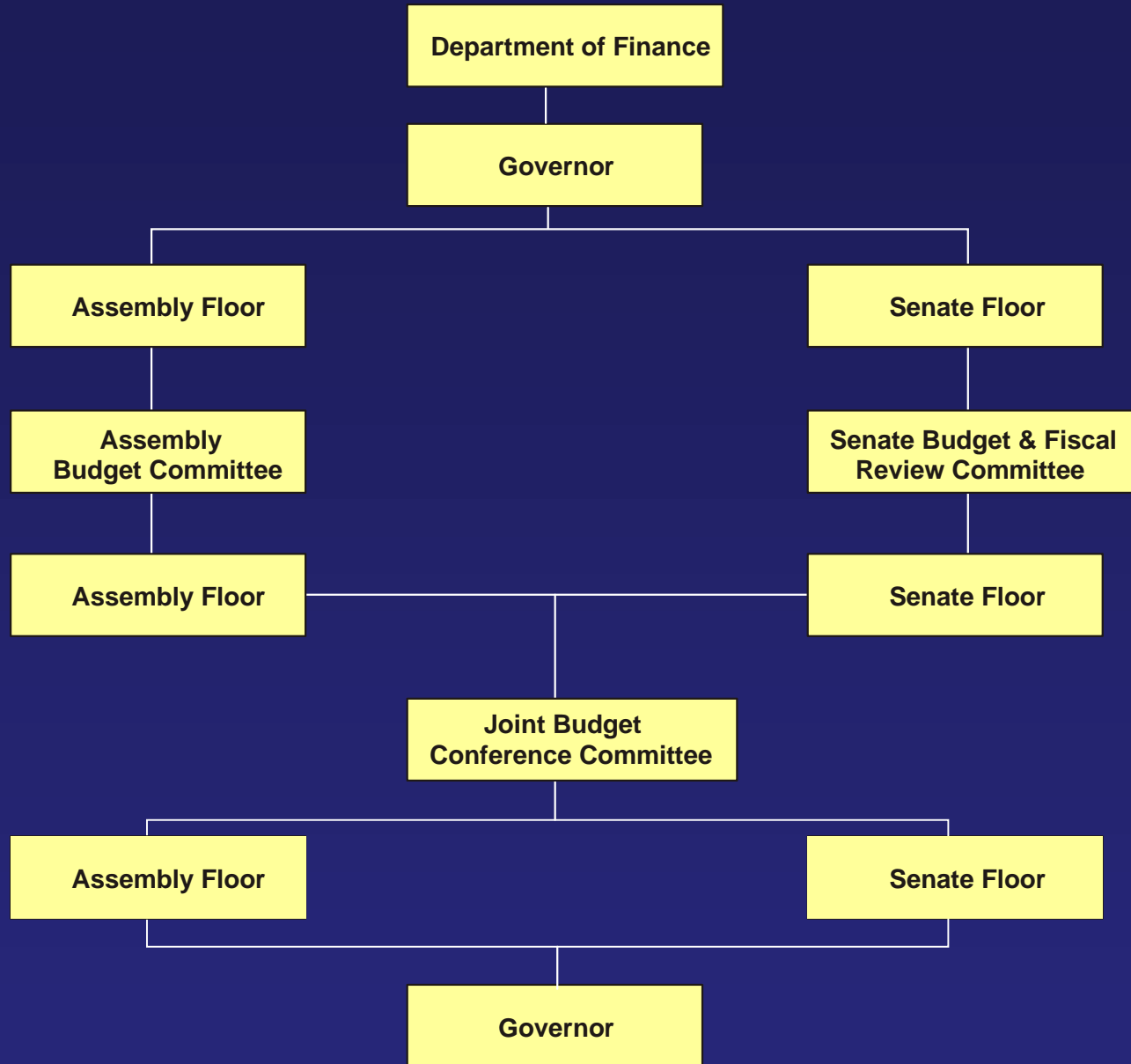


Budgets, Taxes, and Spending

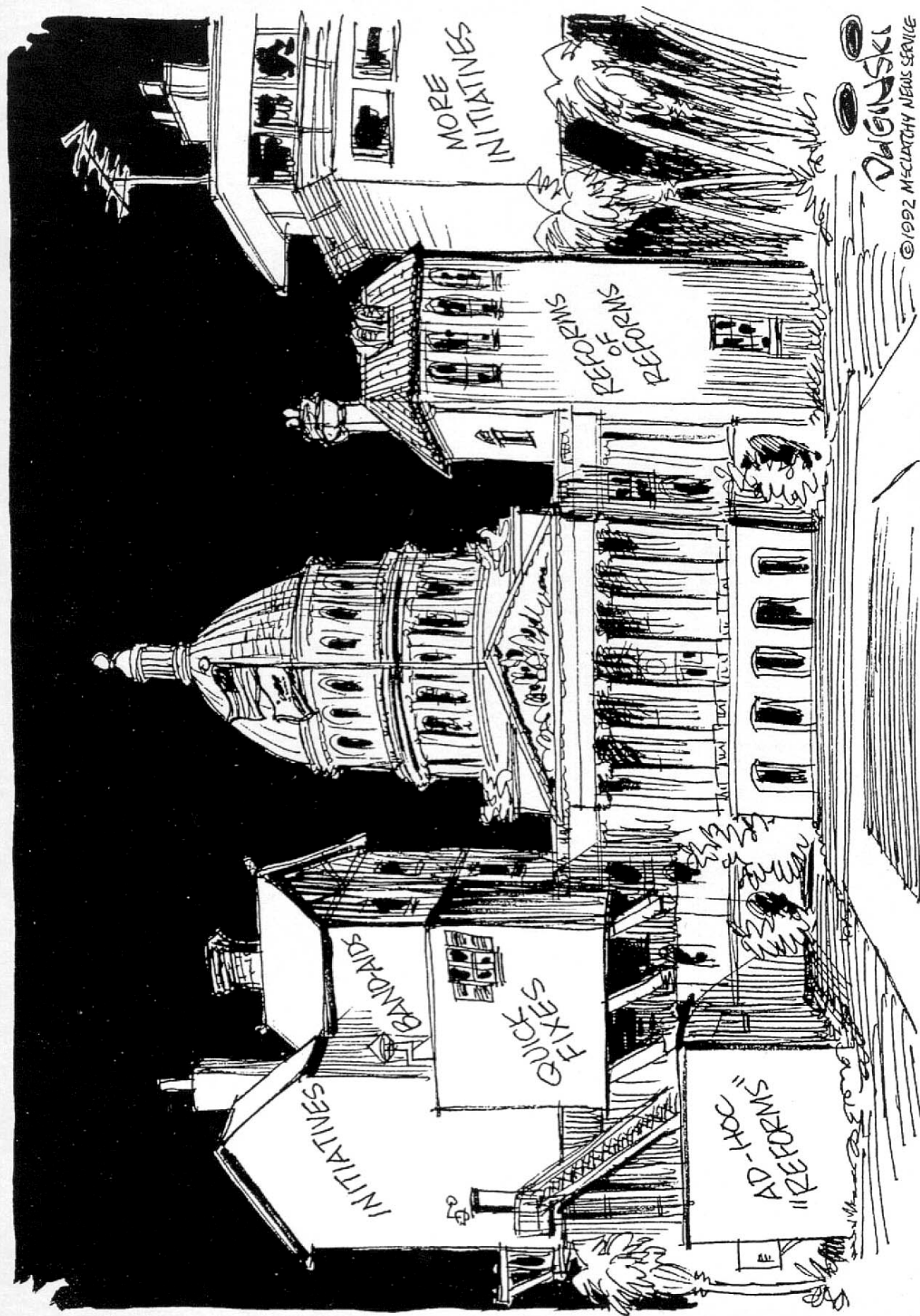


The Promise and
The Challenge in California





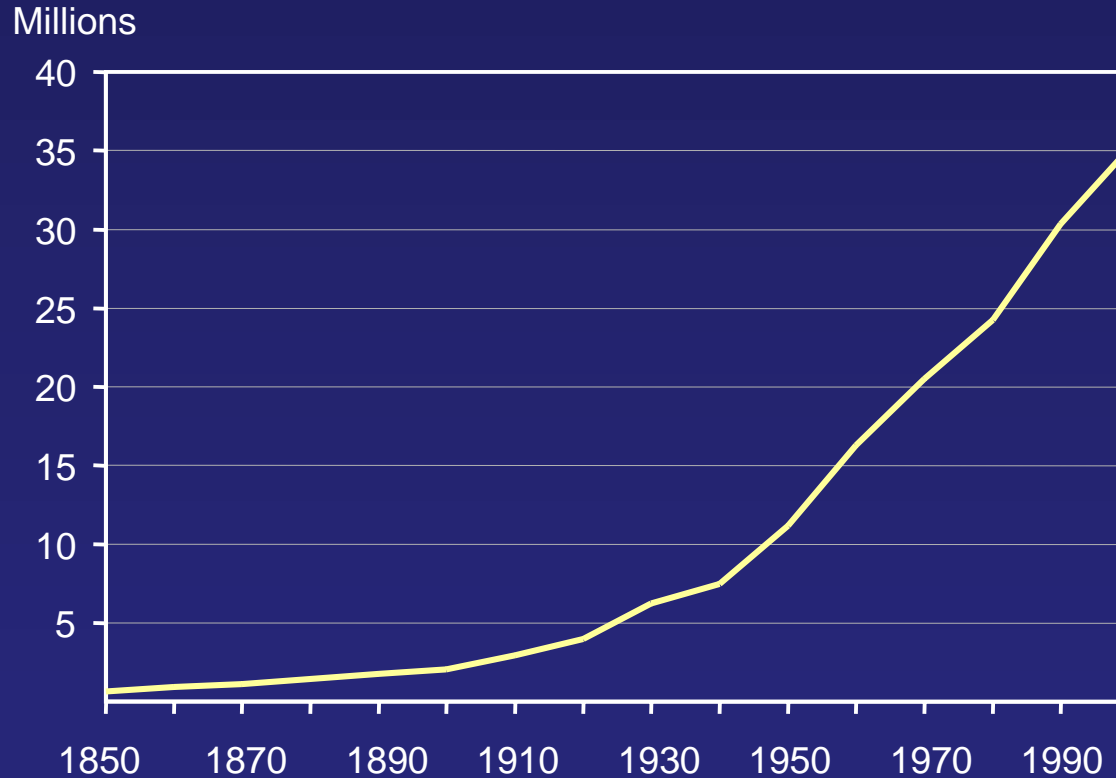
Civics Model



CALIFORNIA'S WINCHESTER MYSTERY GOVERNMENT

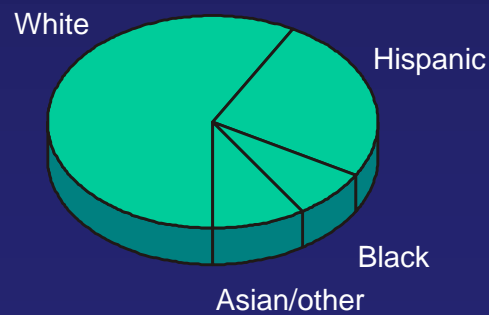
California's Population Has Increased Dramatically Over Time

California's Civilian Population

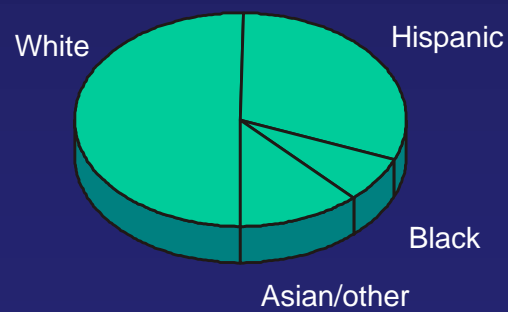


California's Diverse and Changing Ethnic Mix

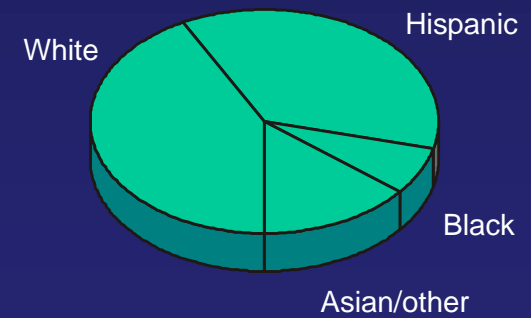
Population Distribution by Ethnicity



1990



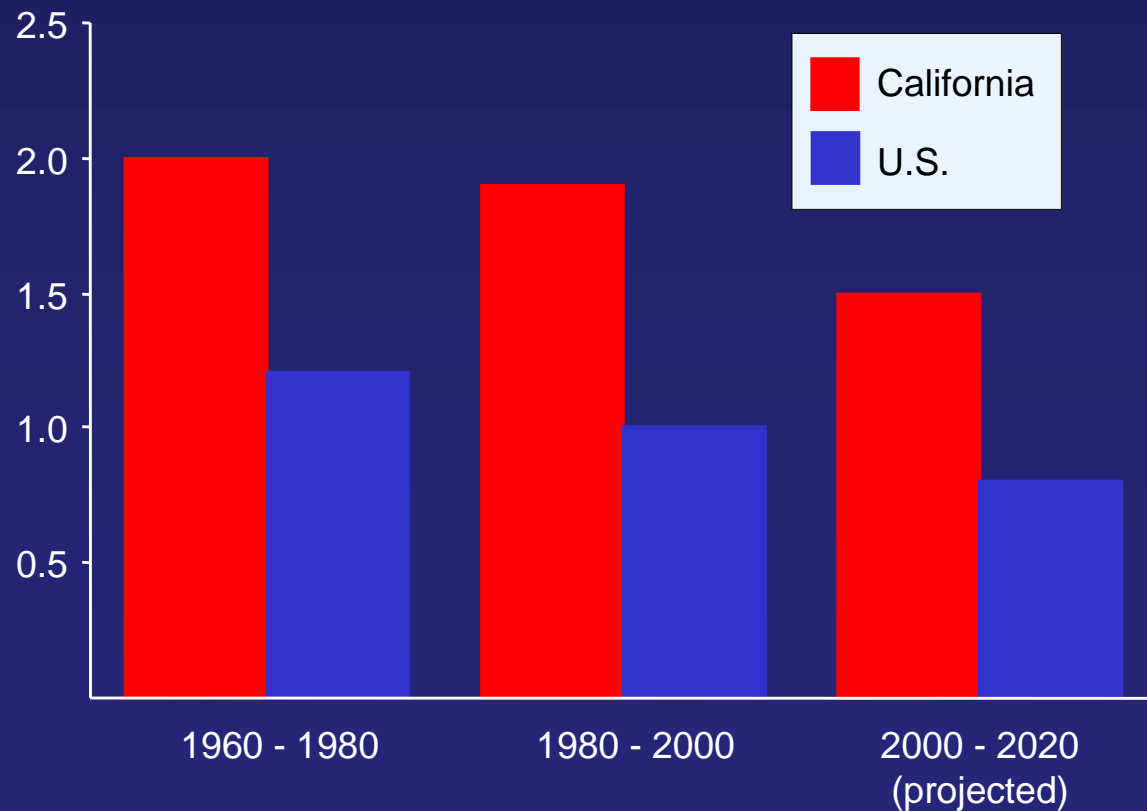
2000



2015

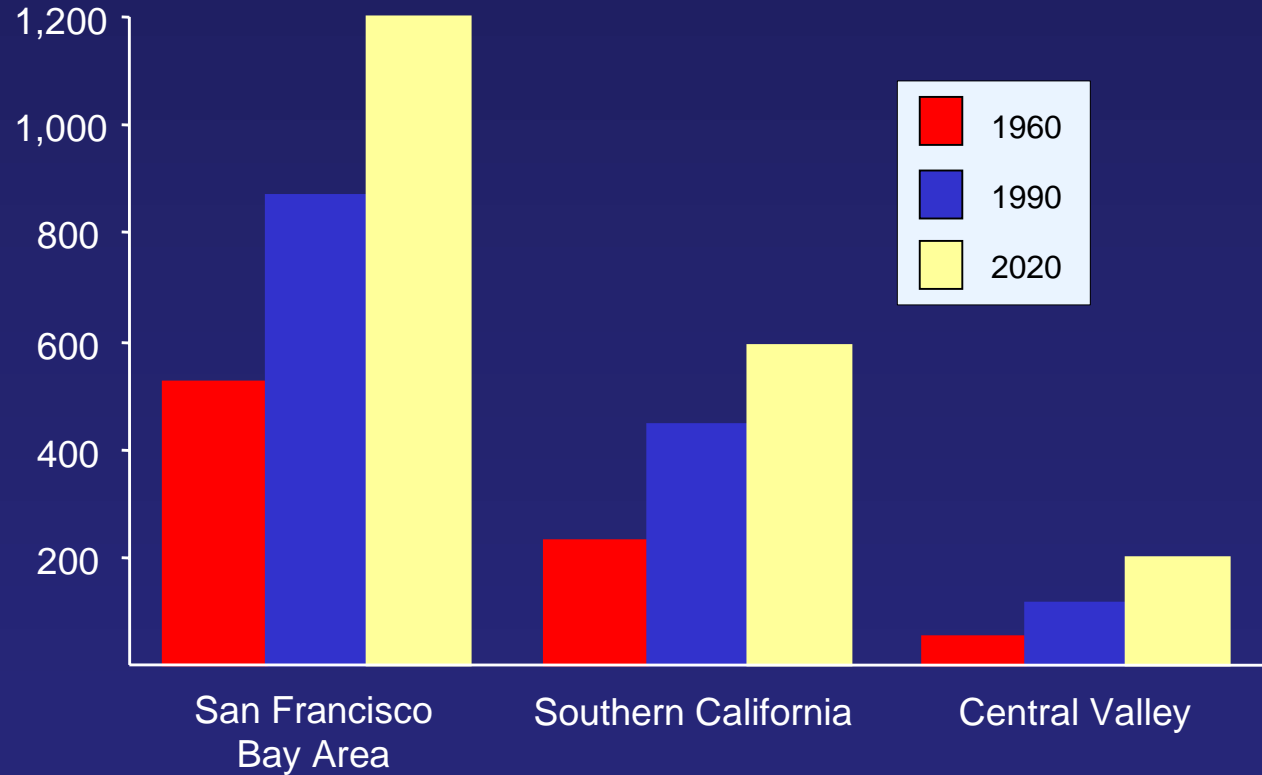
California's Population Growth Will Continue to Outpace the Nation's

Annual Average Percent Change



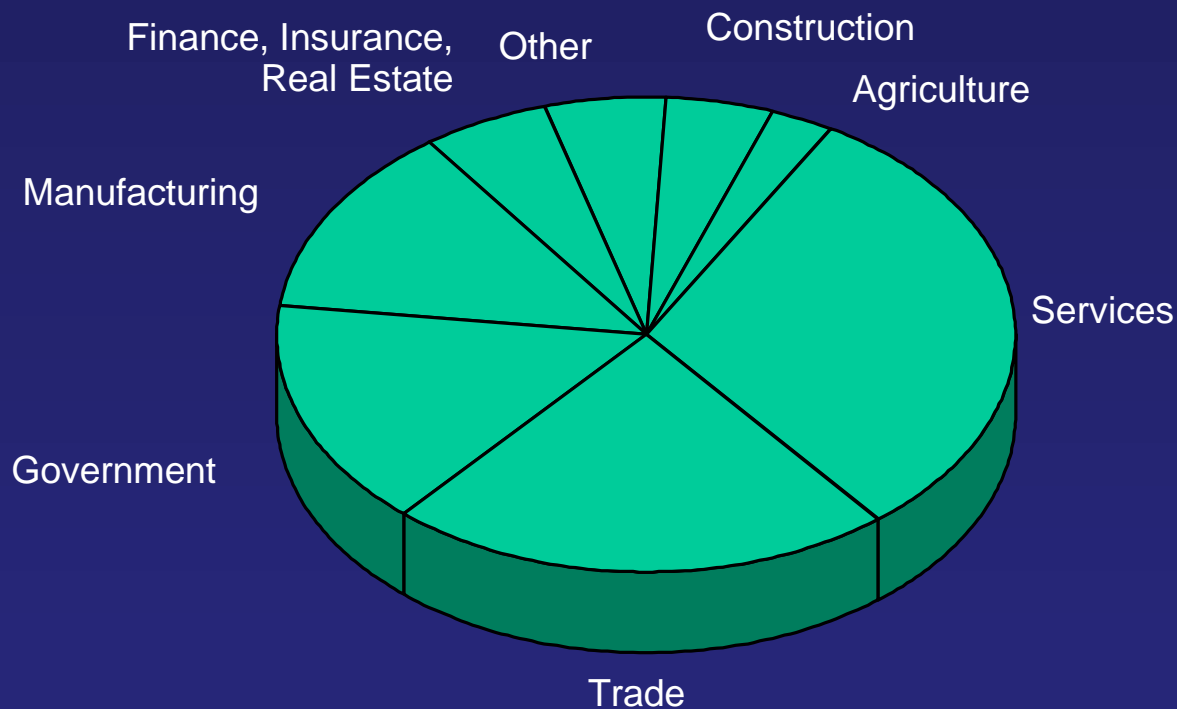
California Is Becoming Increasingly Urban

Population Density per Square Mile



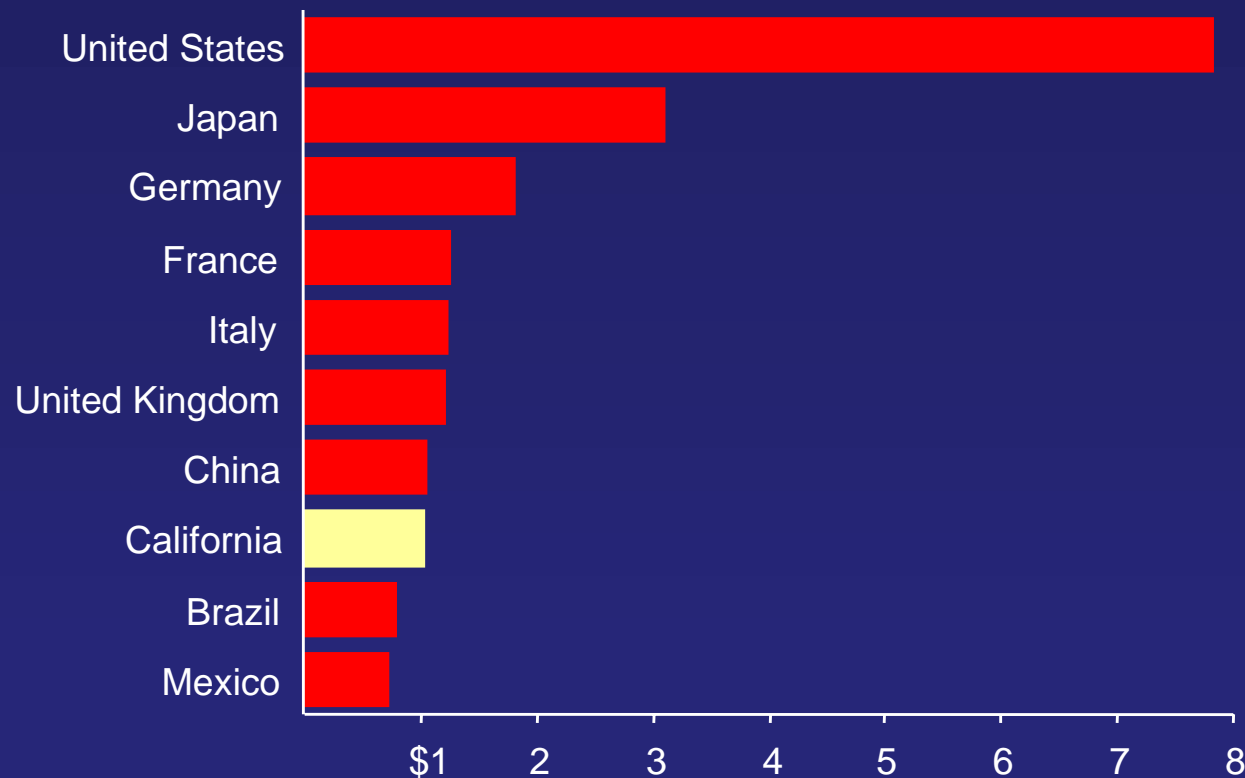
California's Economy Is Highly Diversified

Wage and Salary Jobs in 2000, by Sector



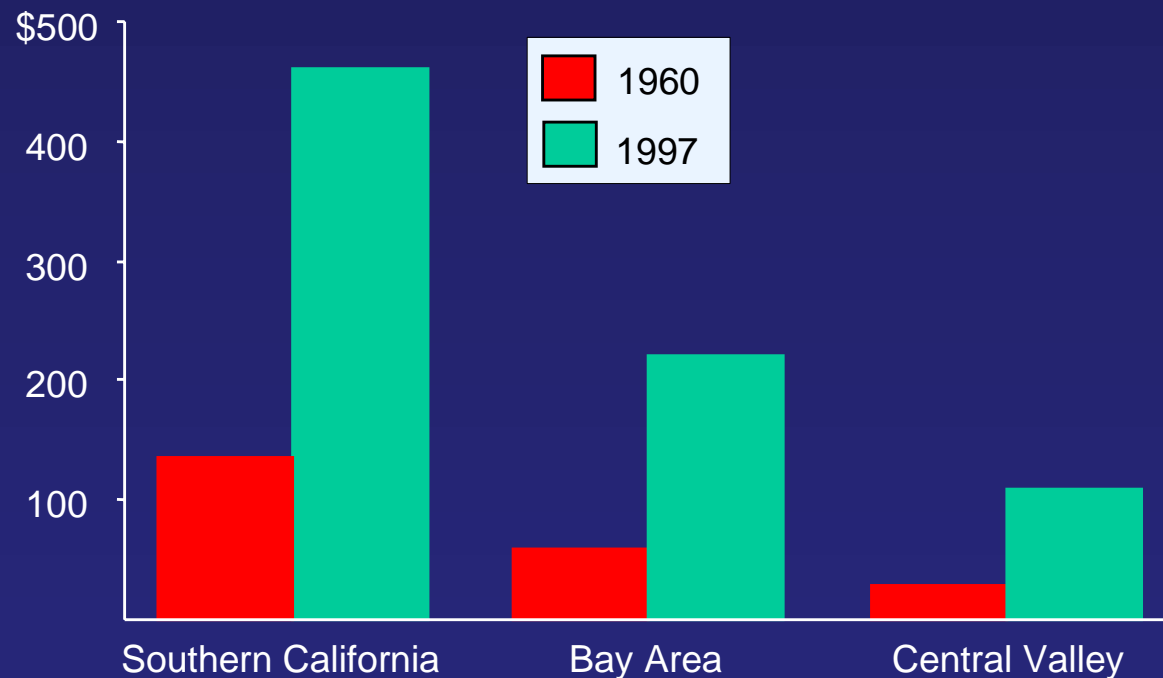
California Is the World's Eighth Largest Economy

Gross Product in 1997
(In Trillions)



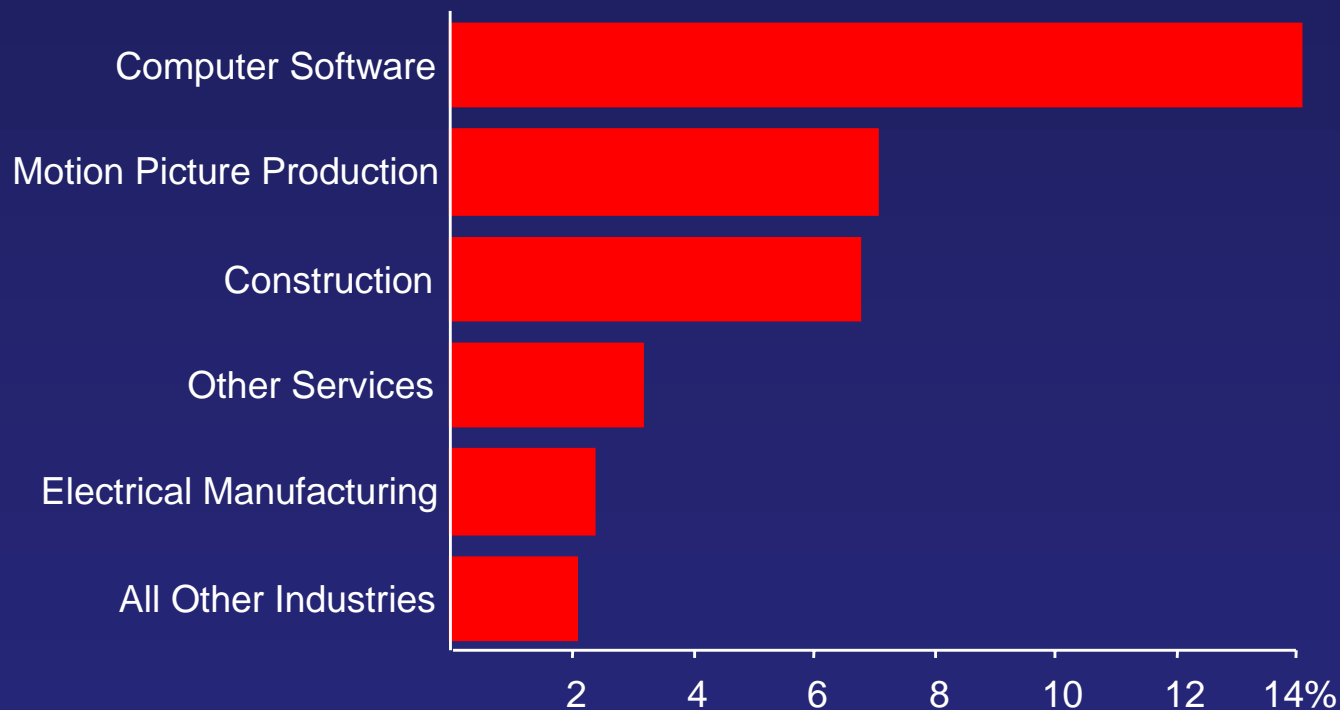
Growth in Personal Income By Major California Economic Region

Billions of 1997 Dollars
1960 Versus 1997



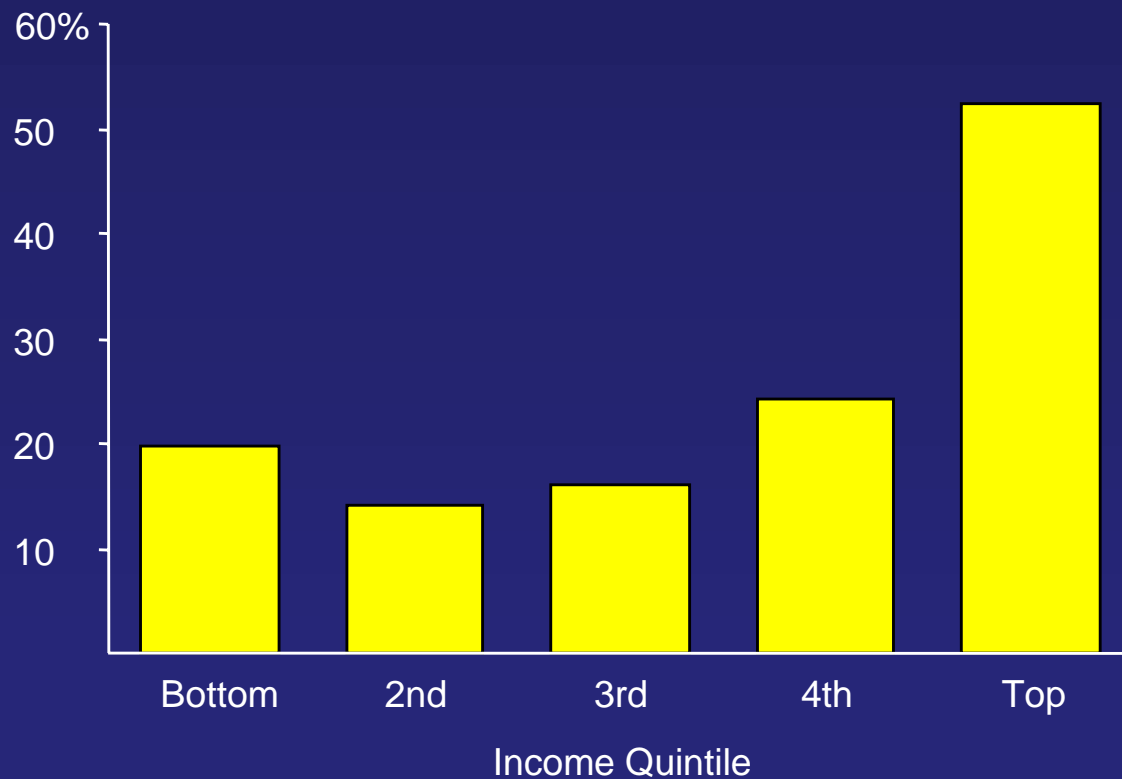
High-Tech, Services, and Construction Lead California's Current Economic Expansion

Annual Average Percent Change in California Jobs



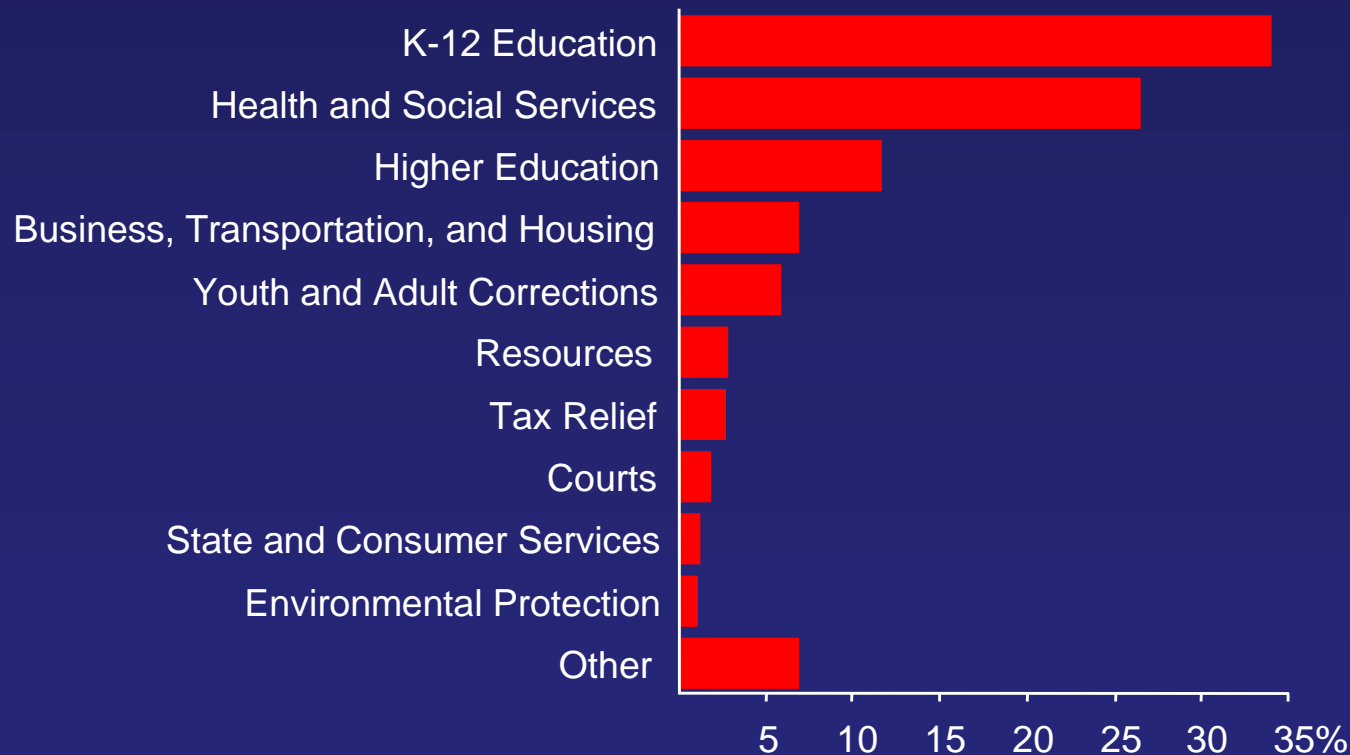
Income Gains—Widespread But Greatest at the High End

Percent Change in Average Real Income, By Quintile
1993 Through 1998



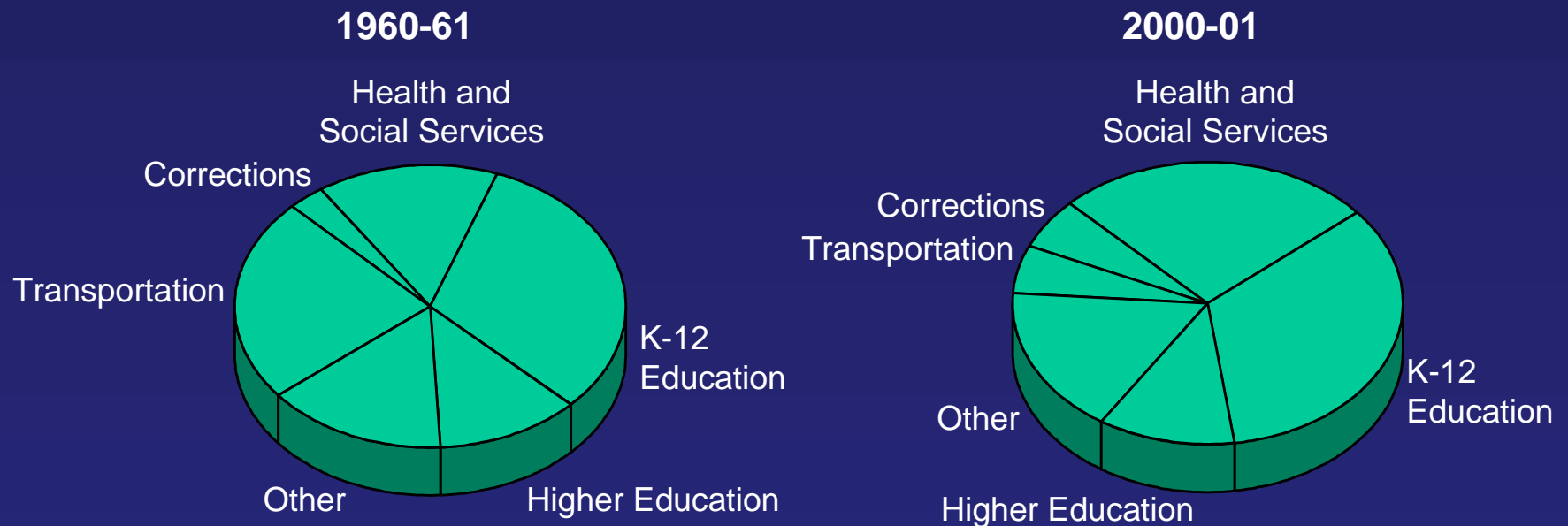
Share of Total State Expenditures By Major Program Area

2000-01 (As Proposed in Governor's Budget)



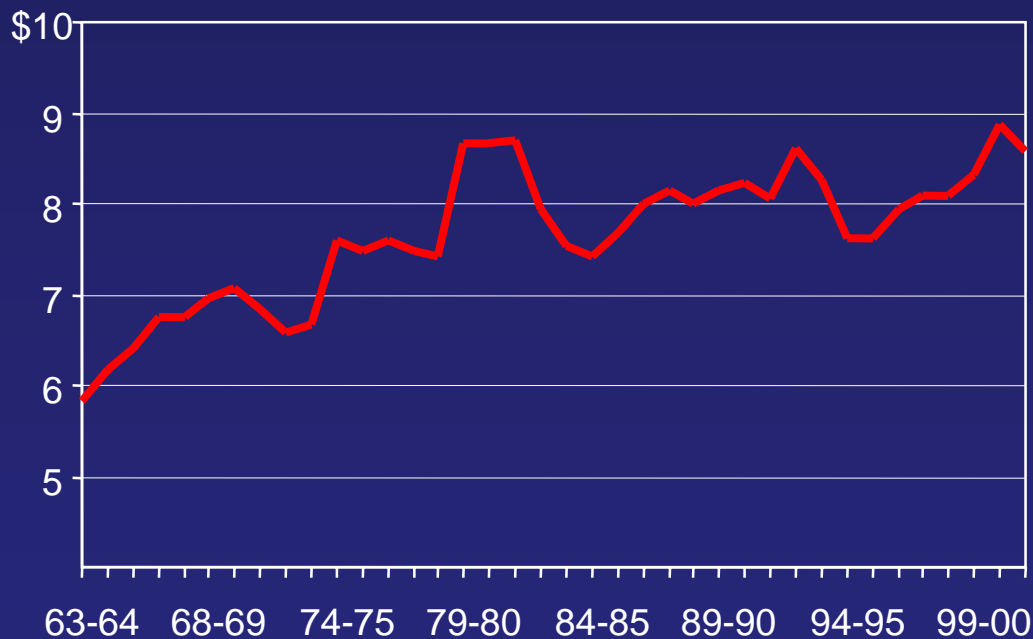
Changes in the Mix of State Expenditures Over Time

Total State Expenditures, 1960-61 and 2000-01
(Proposed)



State Expenditures Relative to the Economy

Total State Expenditures Per \$100 of Personal Income
1963-64 Through 2000-01



Significant Changes Over Time in the State-Local Fiscal Relationship

- **Increased Voter Oversight of Revenue**
- **Shifts in Program and Funding Responsibility**
- **Reduced Local Flexibility**

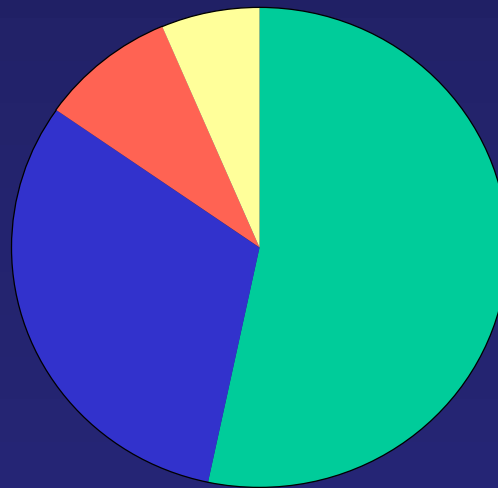


Relative Importance of Different Revenue Sources Over Time

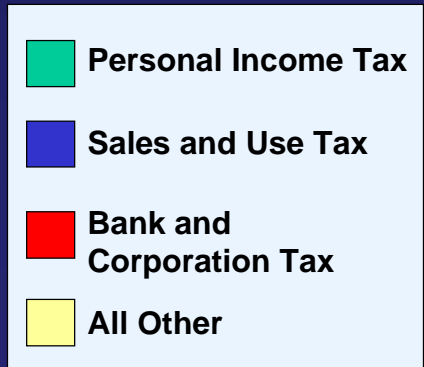
General Fund Revenues



1964-65

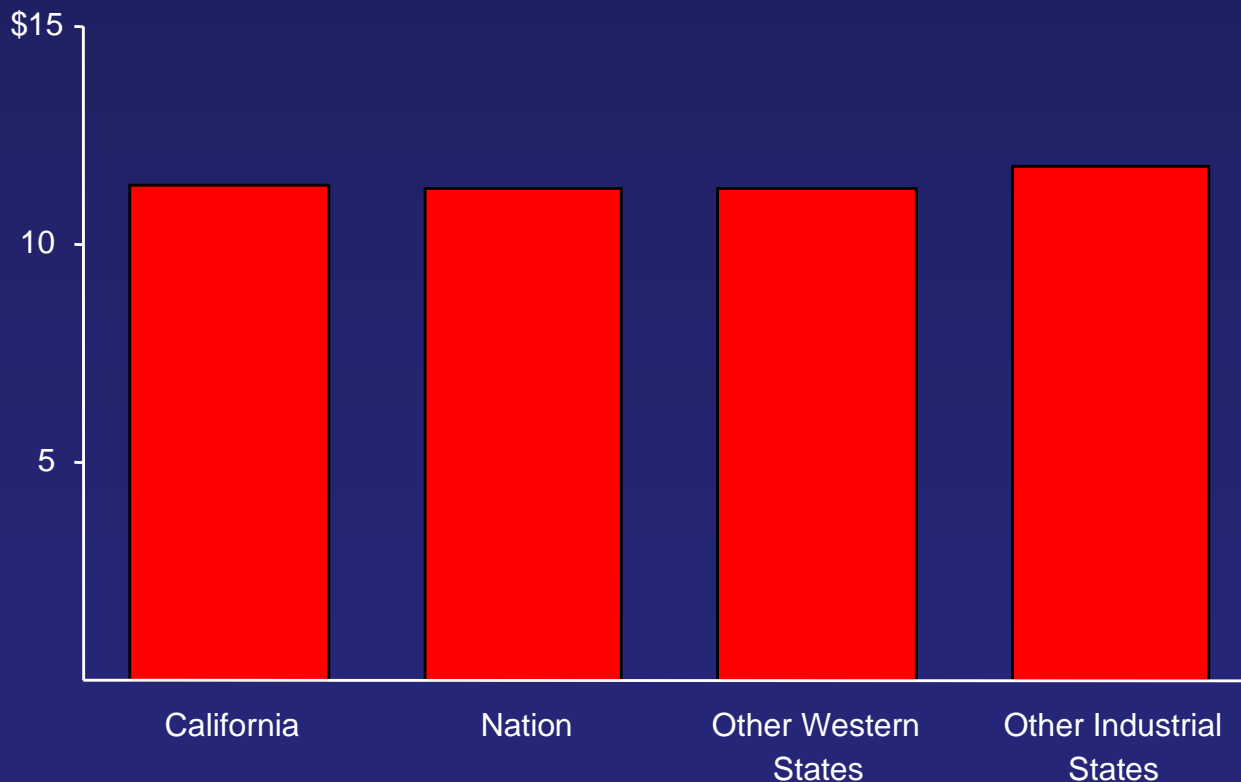


2000-01



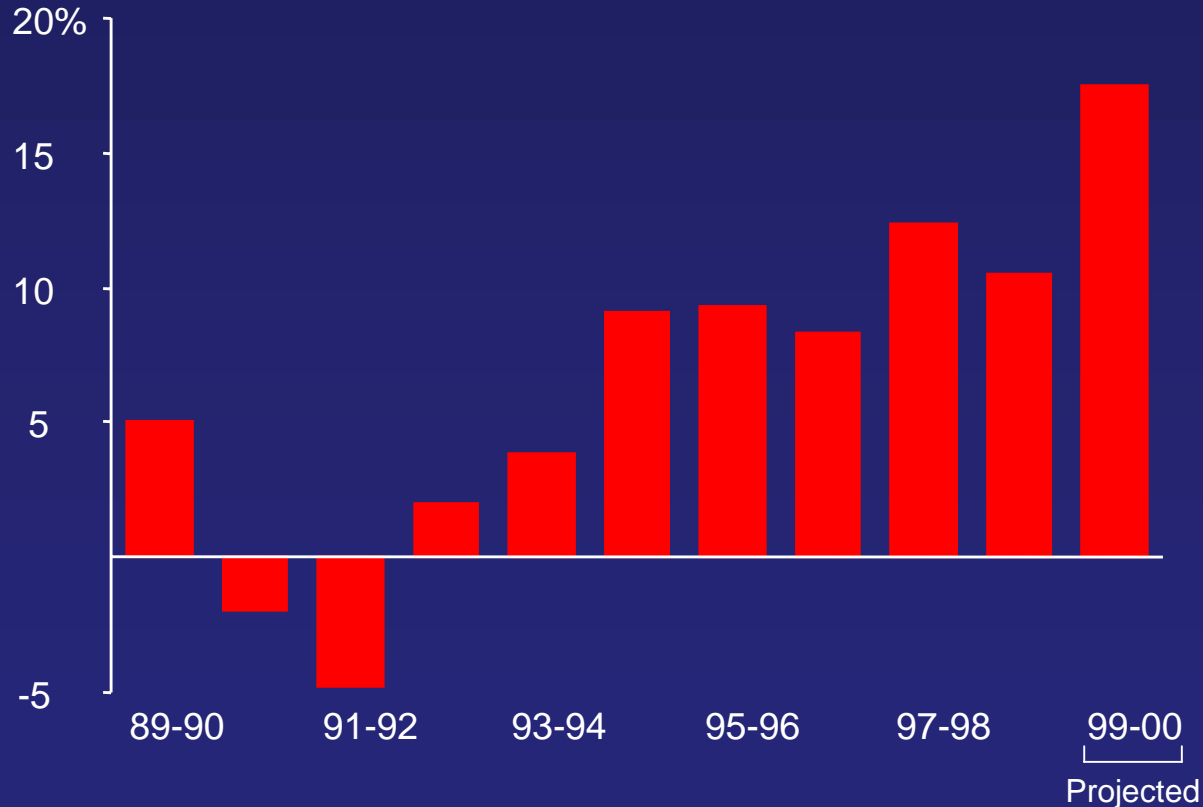
California's Relative Tax Burden— About Average

State and Local Taxes per \$100 of Personal Income



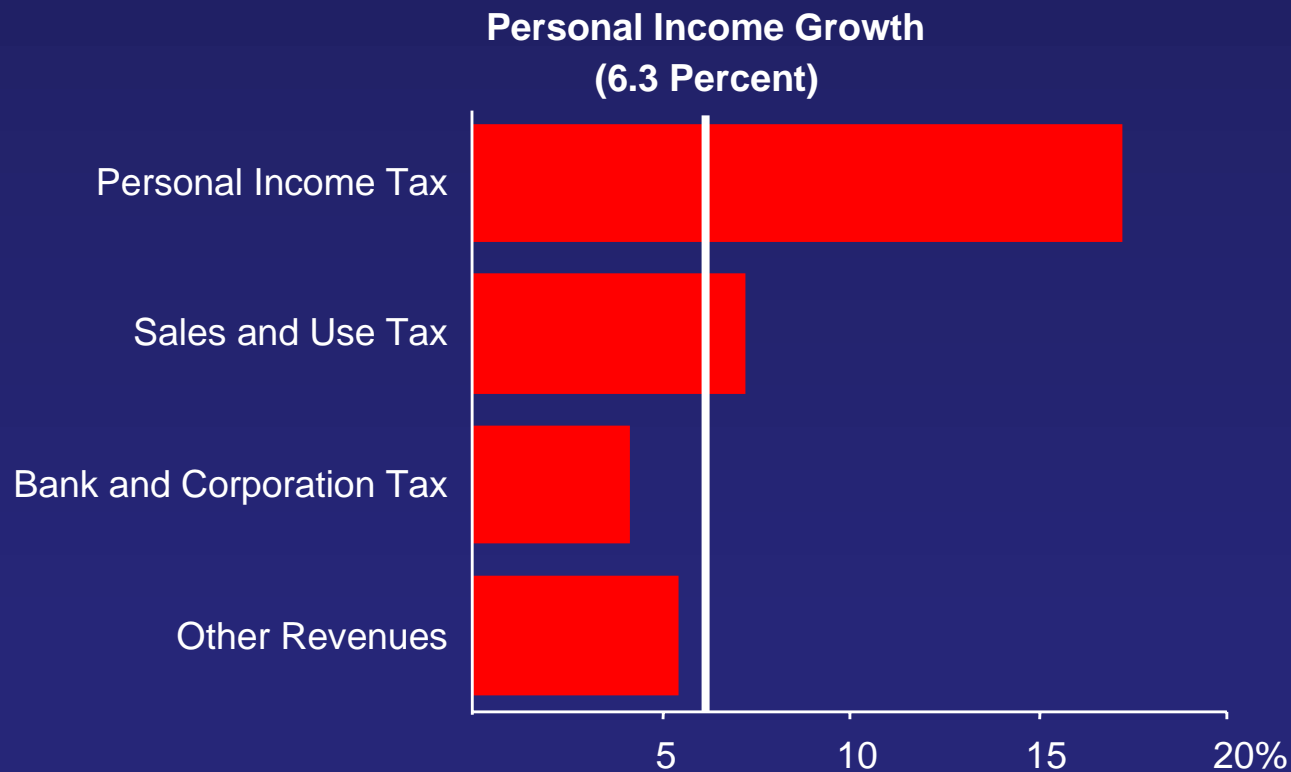
Underlying General Fund Revenue Growth

1989-90 Through 1999-00



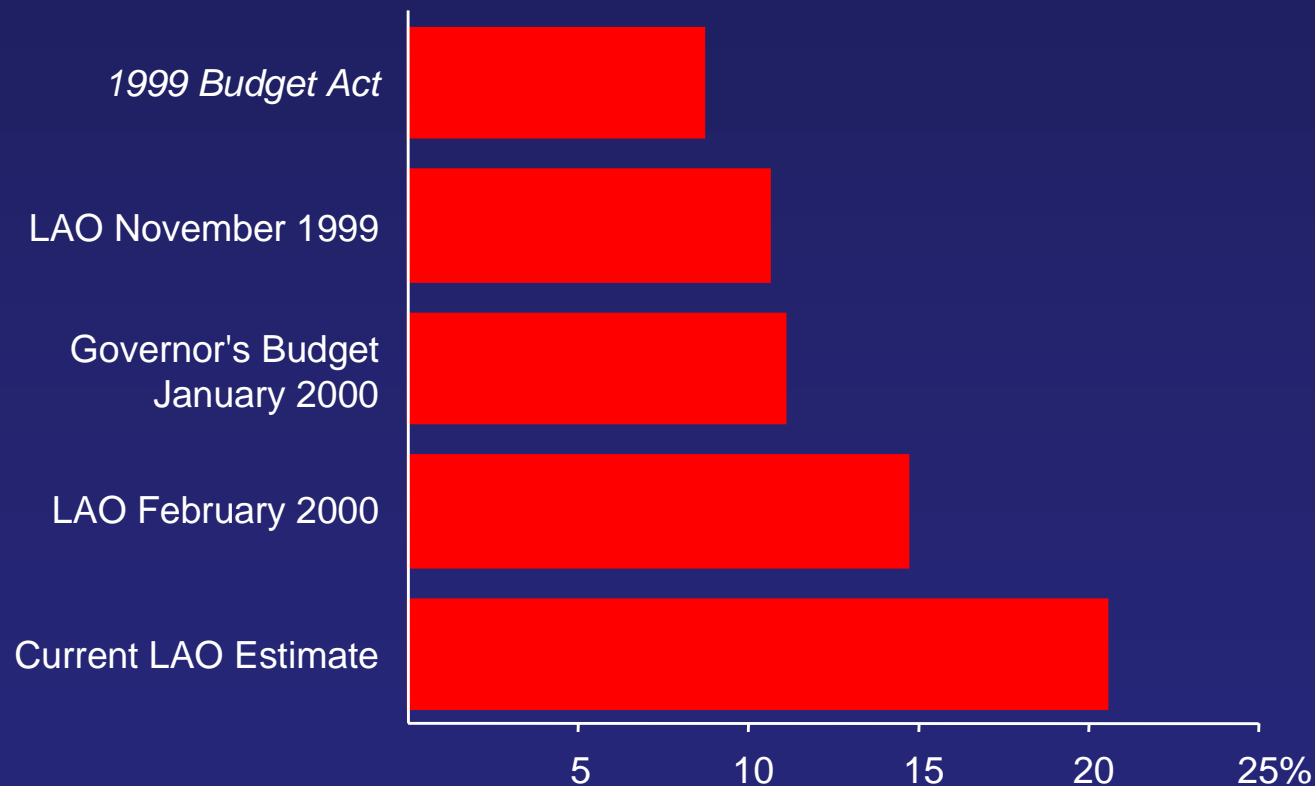
Recent General Fund Revenue Performance by Source

Average Annual Revenue Growth
1994-95 Through 1999-00



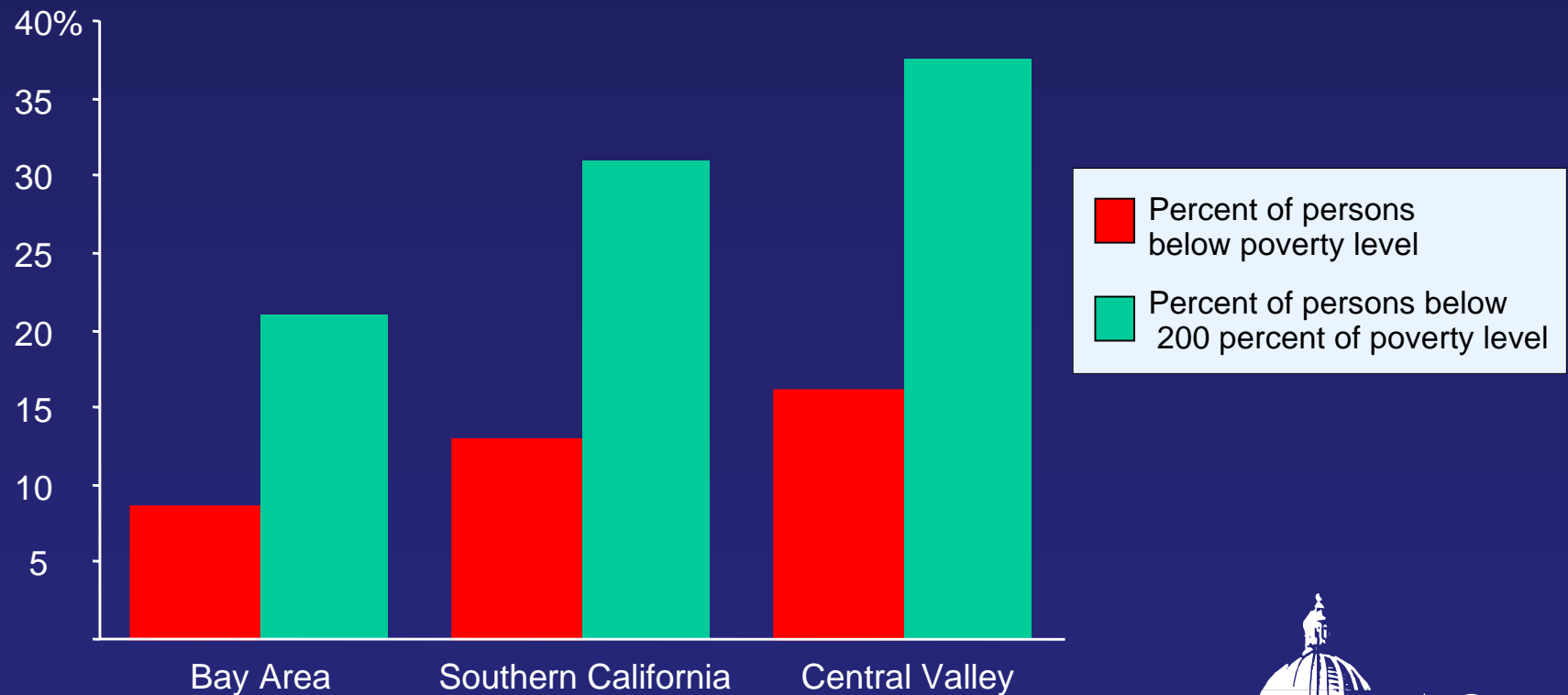
Significant Upward Revisions Made To Projected Revenue Growth

Projected Percent Growth in 1999-00 General Fund Revenues



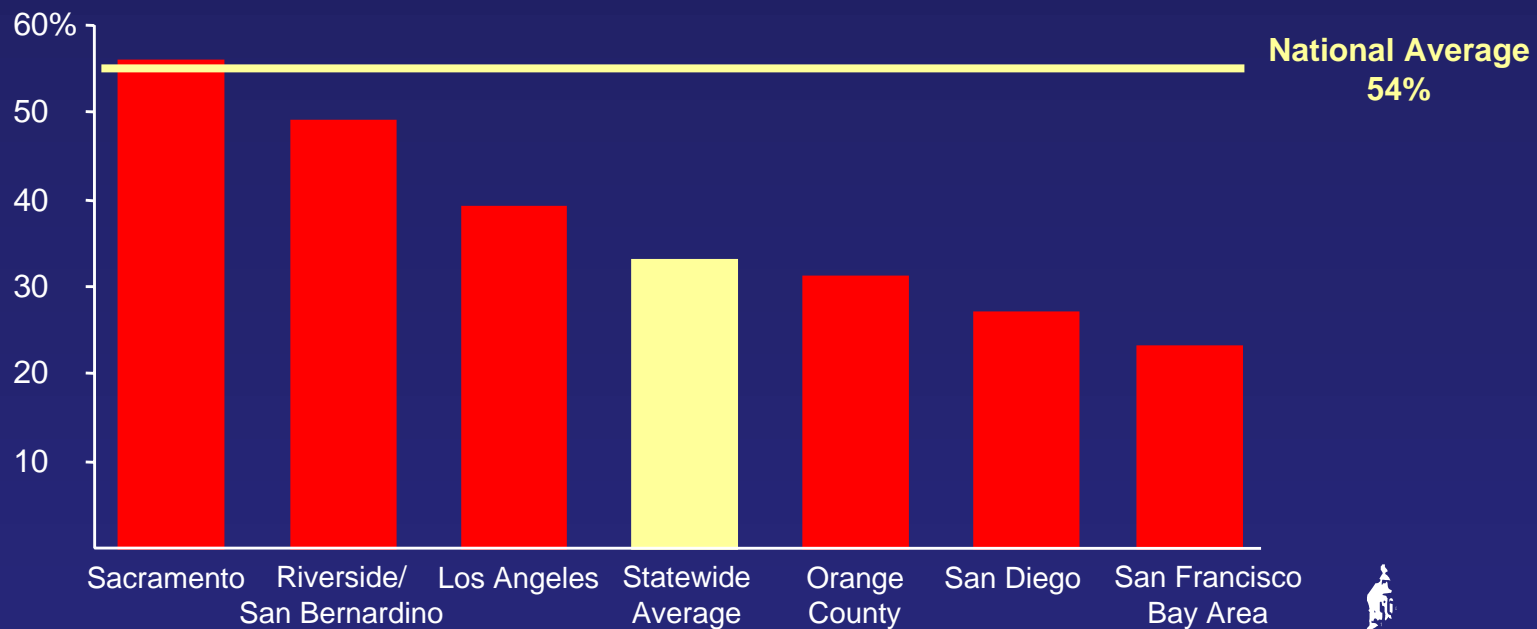
Prevalence of Low-Income Persons Differs by California Region

Percent of Households Relative to Poverty Measures



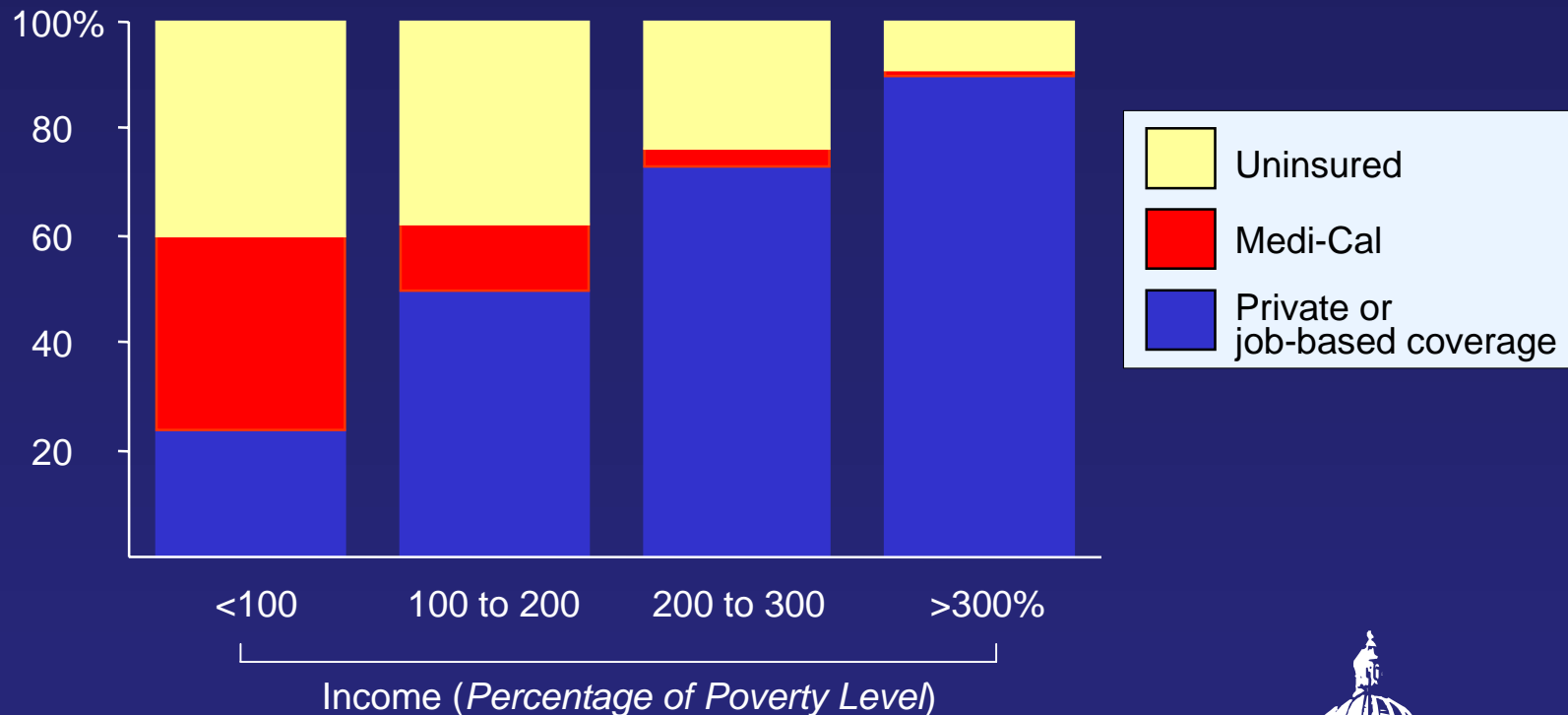
Housing Affordability Is a Major Issue In California

Households That Can Afford Payments on
Median-Priced Homes by Region
1990



Health Insurance Coverage for Nonelderly Californians

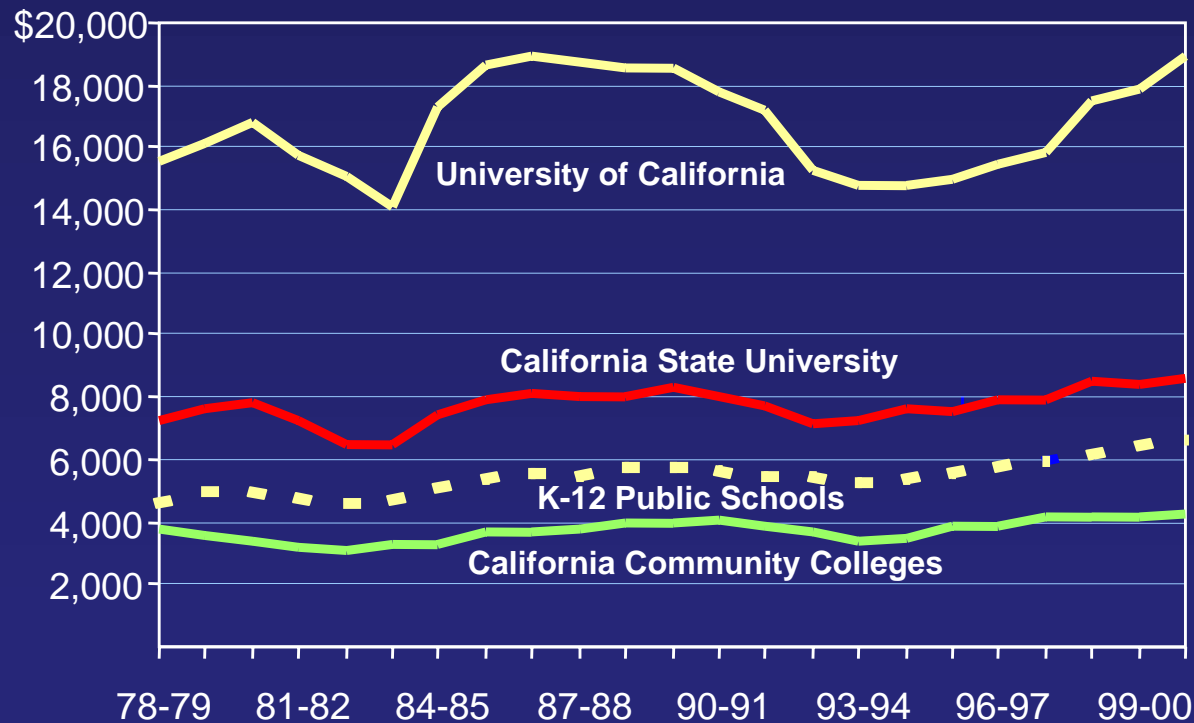
By Family Income, 1997



Funding for K-12 and Higher Education Per Student

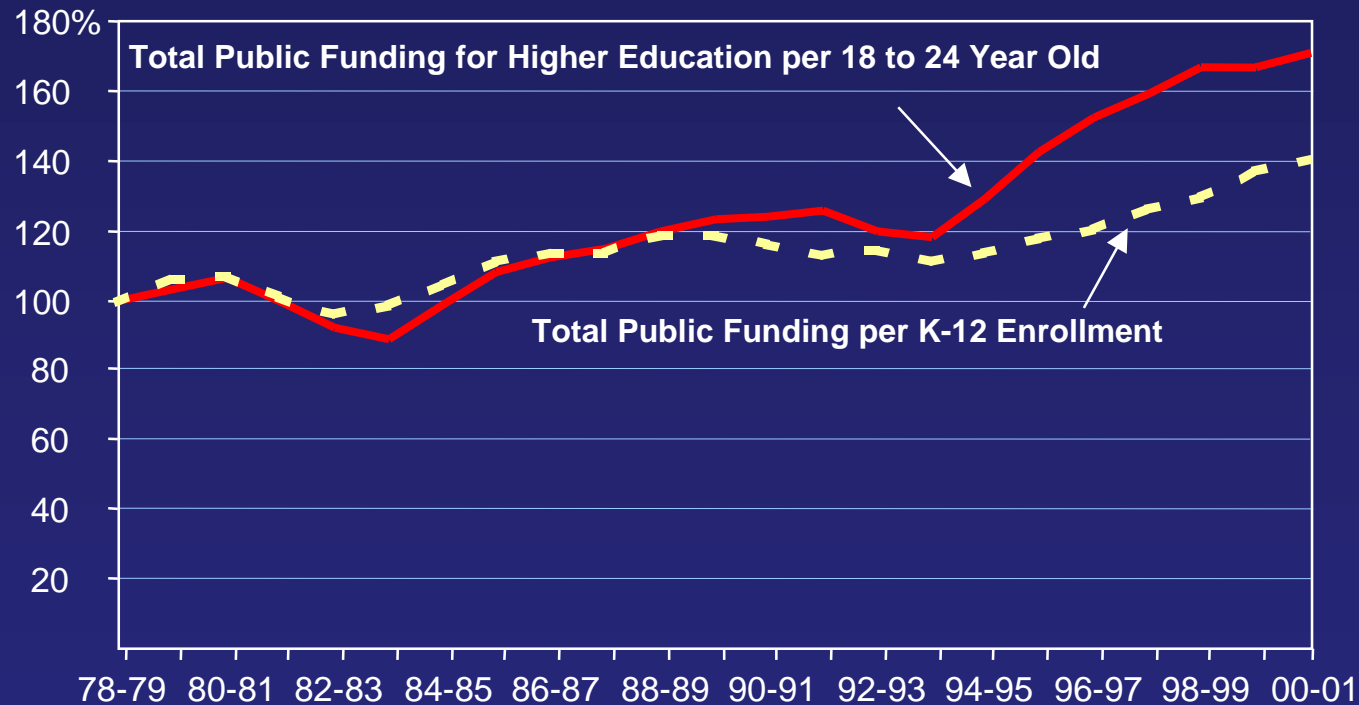
1978-79 to 2000-01

Constant 2000 Dollars

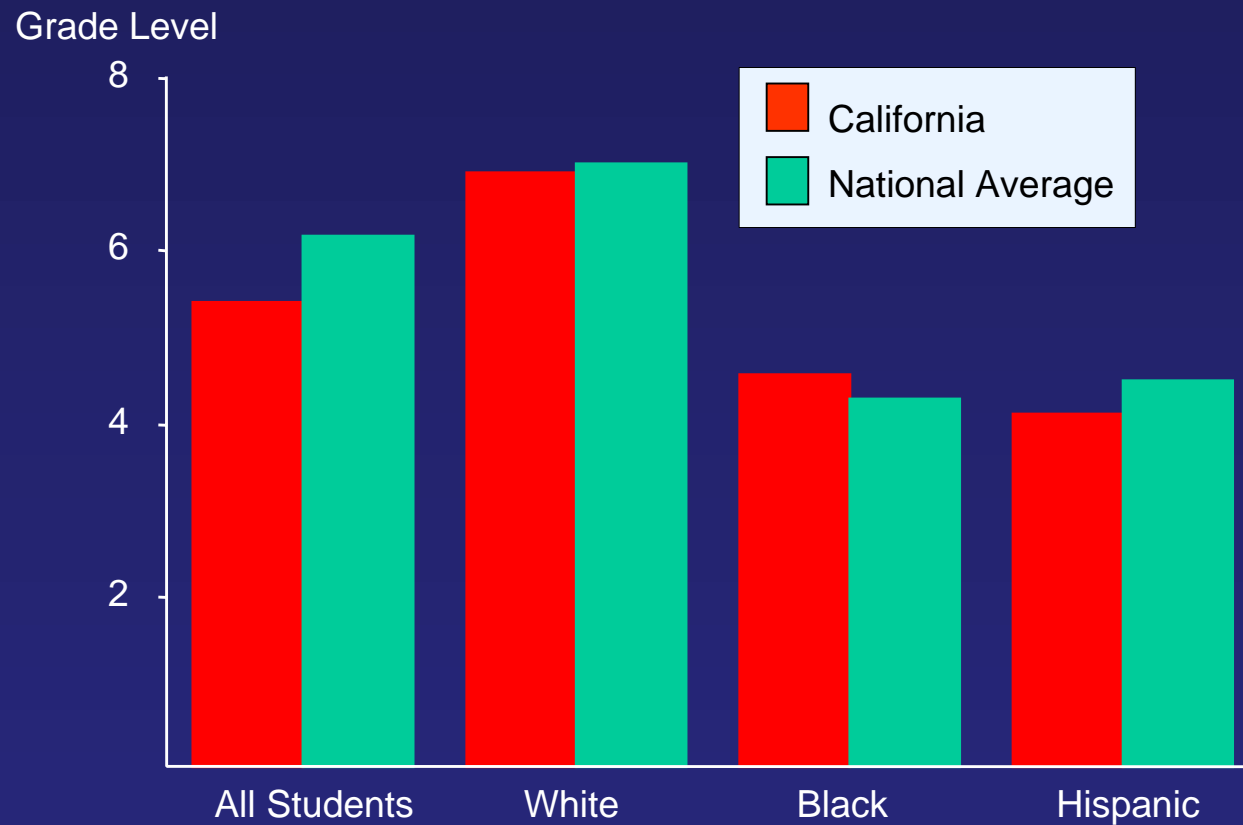


Growth in Total Public Funding For K-12 and College-Age Students

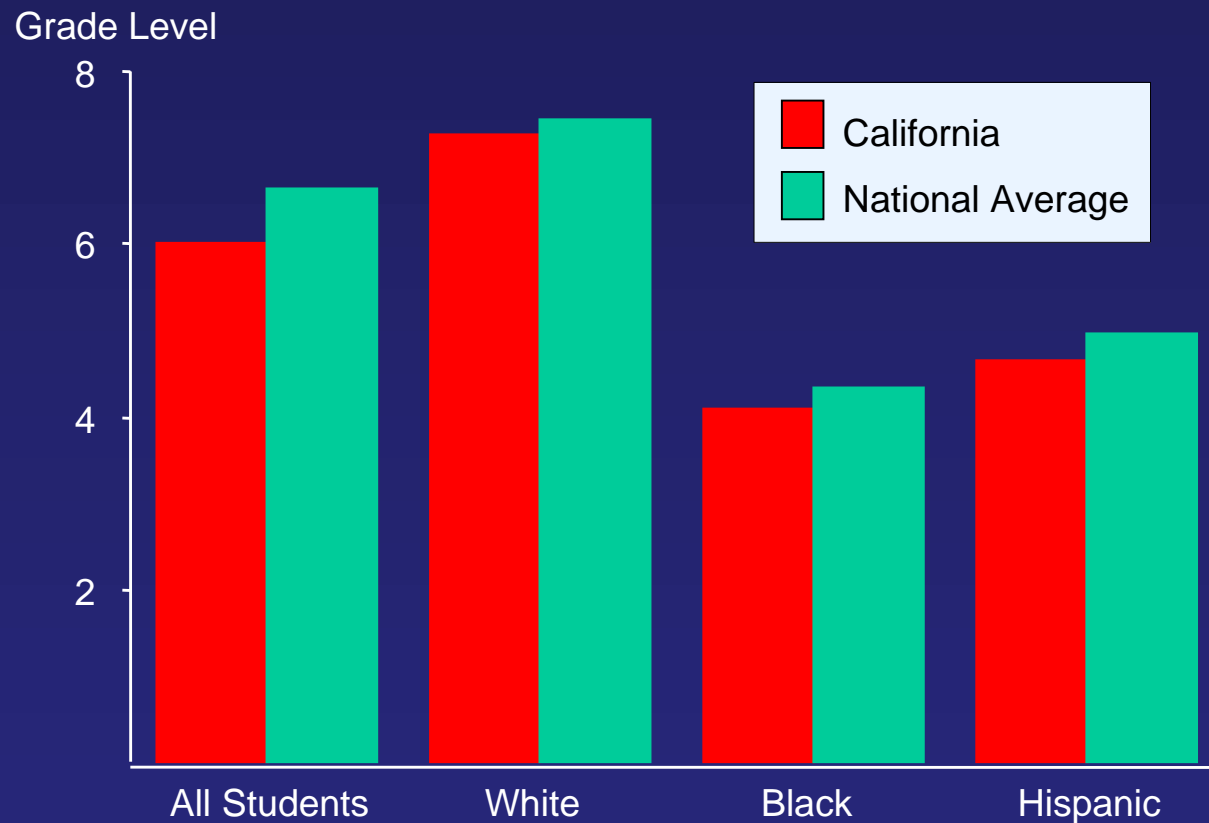
Percent of 1978-79 Funding Level (Adjusted for Inflation)



8th Grade Reading Proficiency Levels By Race/Ethnicity

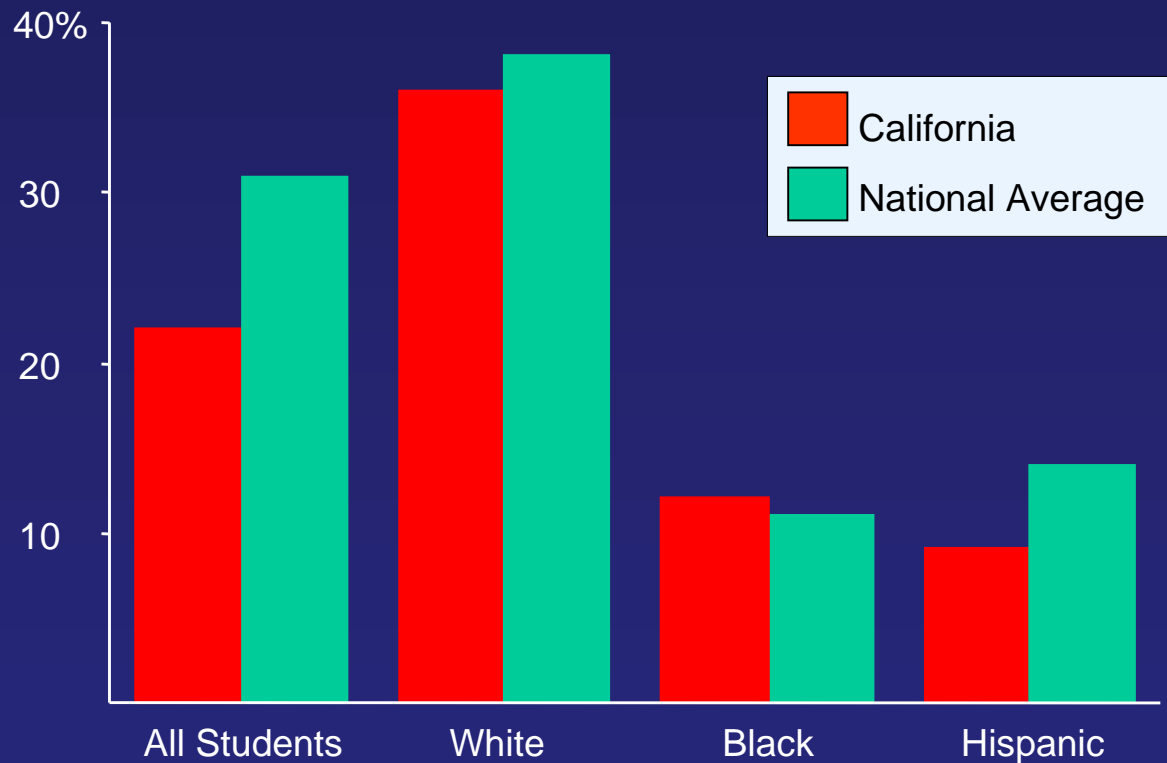


8th Grade Math Proficiency Levels By Race/Ethnicity



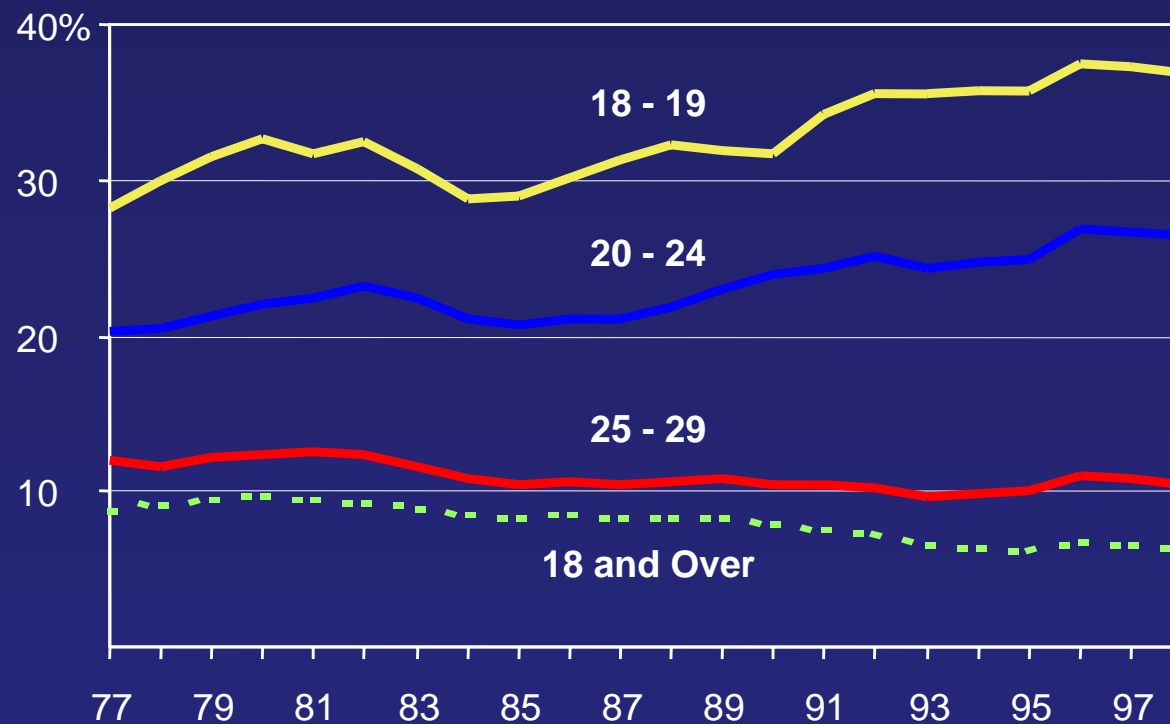
8th Grade Proficient Readers

Percent of Students Reading at a Proficient Level



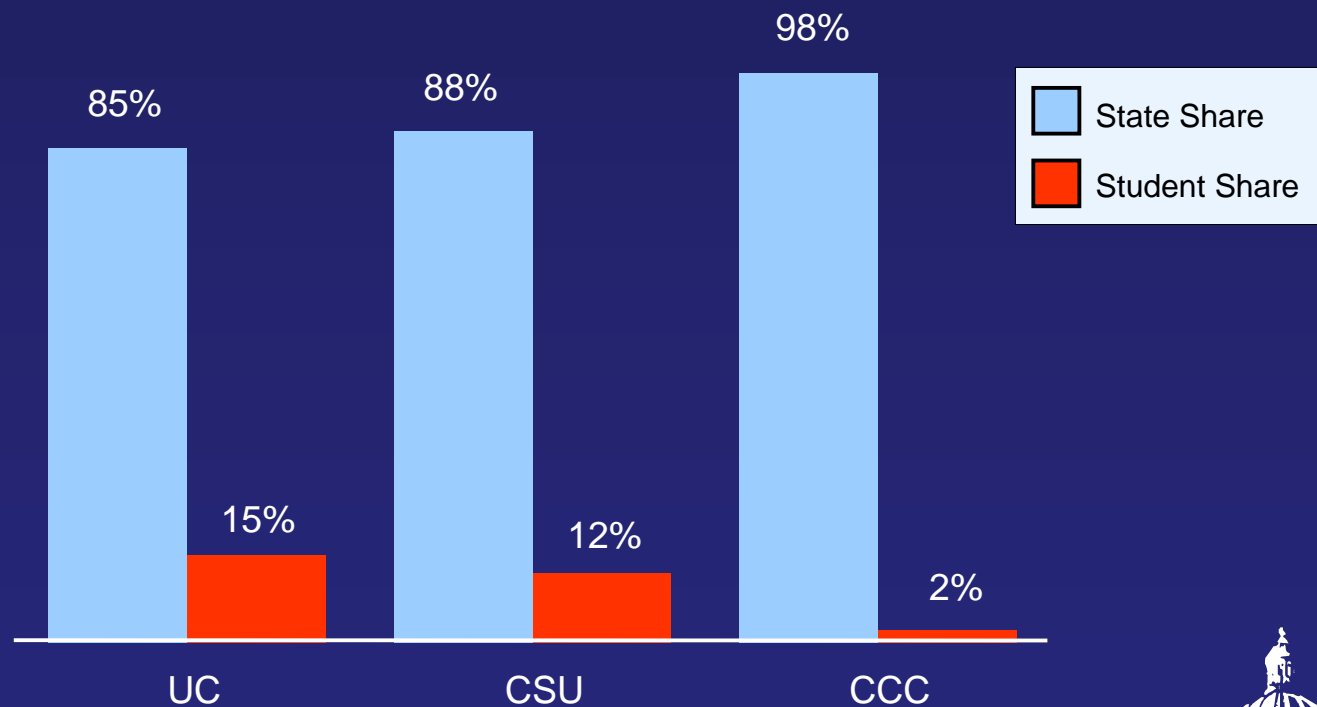
California Public Higher Education Participation Over Time

Percent of Californians Attending College by Age Cohort
1977 to 1998



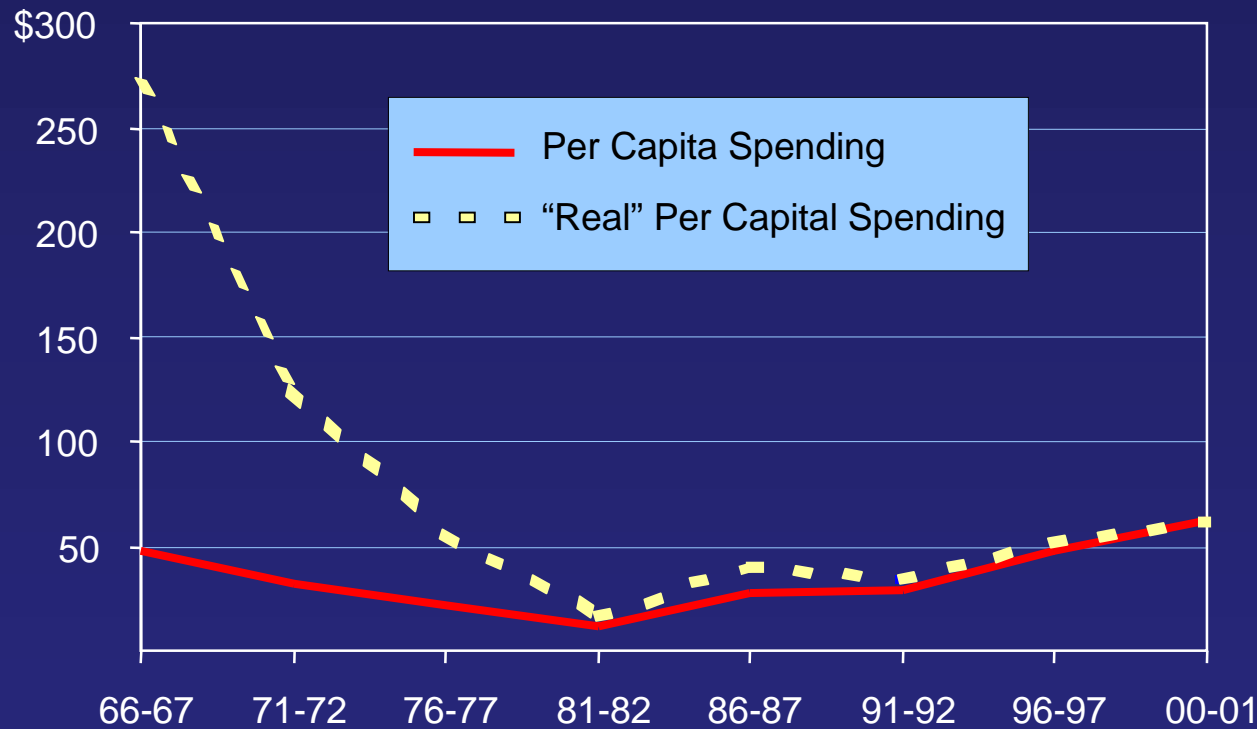
State and Student Shares of College Institutional Costs

2000-01 Budget Proposal



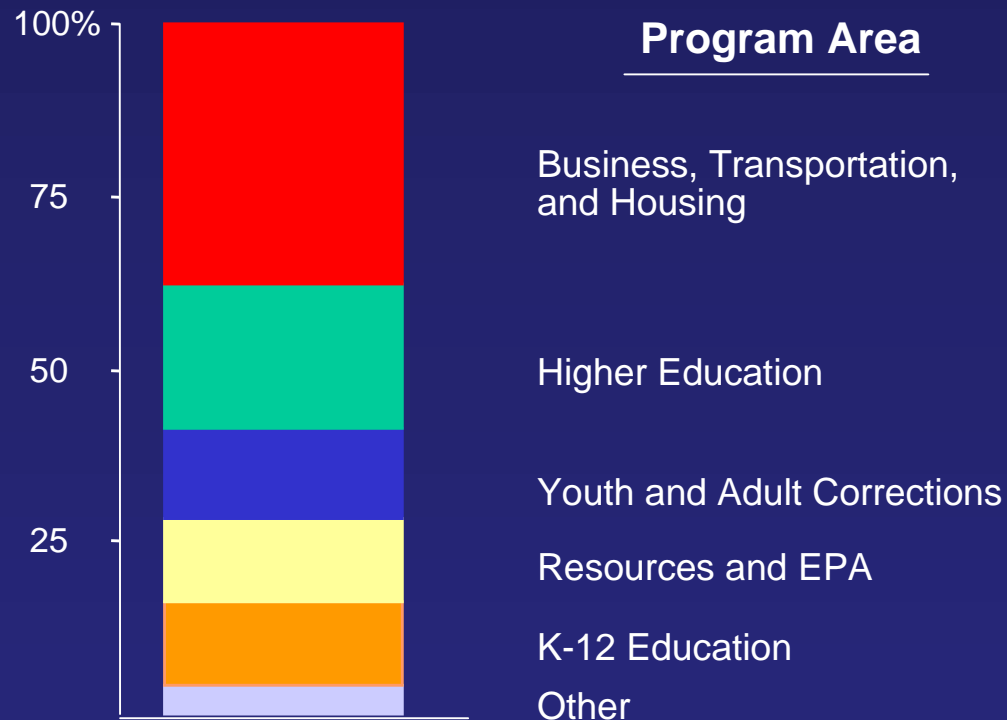
Trends in State Capital Outlay Spending Over Time

1966-67 Through 2000-01

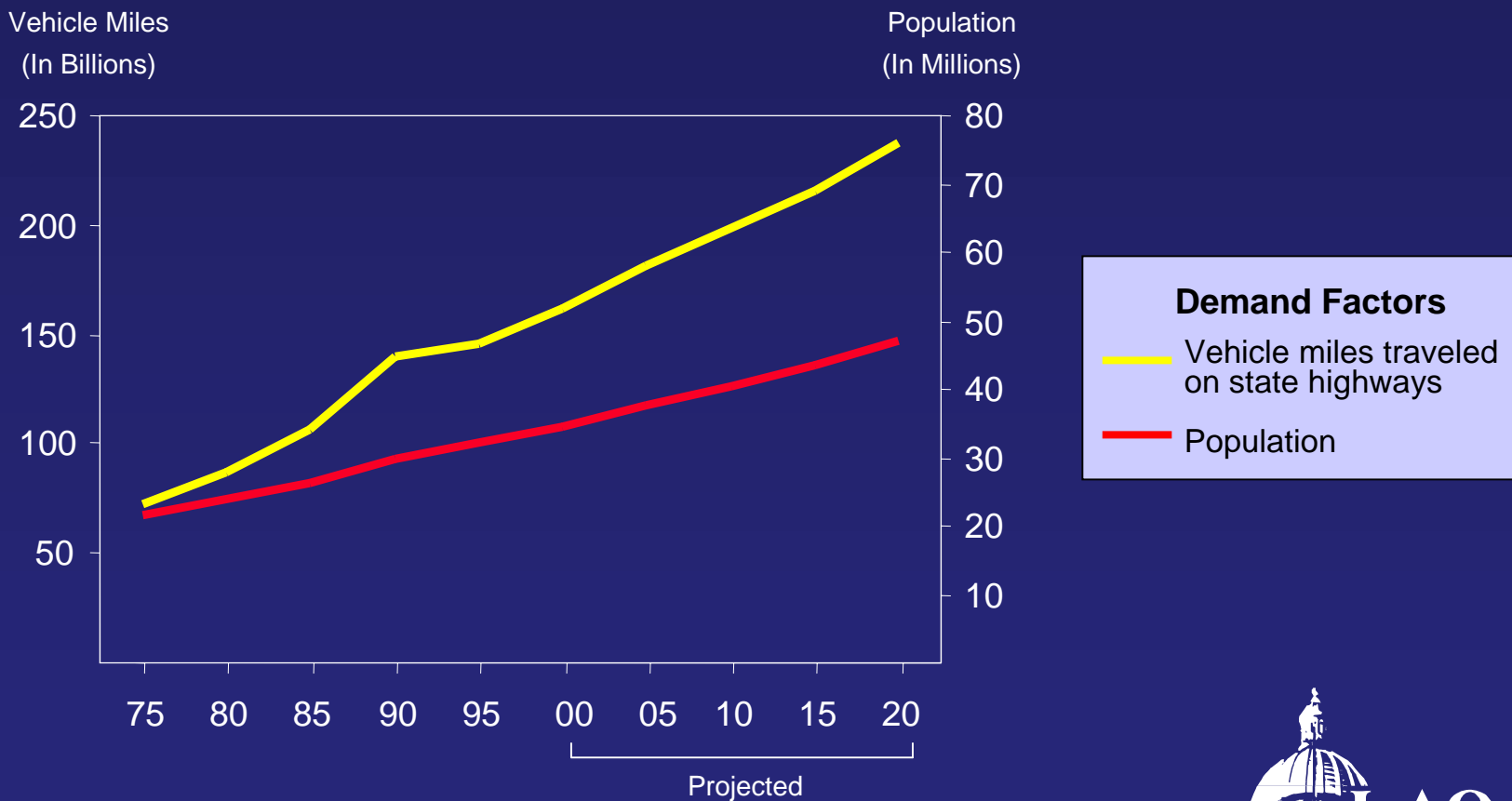


Ten-Year Infrastructure Needs Exceed \$80 Billion

Percent share of total

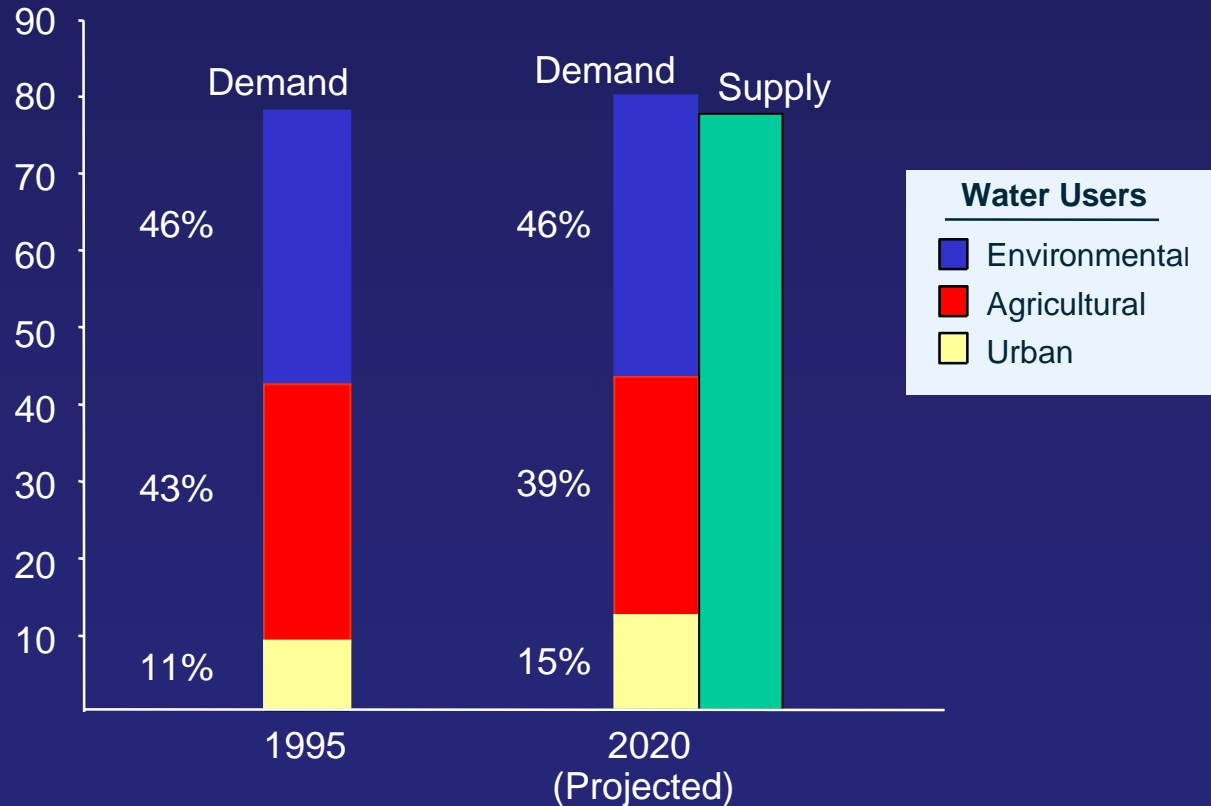


Steady Growth in Transportation Demand Foreseen



Growing Water Demands to Put Pressure on Supply

In Million Acre-Feet



The Problems in California's State-Local Relationship

- **Jumbled assignment of responsibilities.**
- **Counterproductive fiscal incentives.**
- **Lack of accountability for program outcomes.**
- **Unproductive competition for resources.**
- **Erosion of local control.**

