

The 1990-91 Budget: Perspectives and Issues

*Report from the Legislative Analyst's Office
to the Joint Legislative Budget Committee*

California Legislature

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Introduction

The purpose of this document is to assist the Legislature in setting its priorities and reflecting these priorities in the 1990 Budget Act. It seeks to accomplish this by (1) providing perspectives on the state's fiscal condition and the budget proposed by the Governor for 1990-91 and (2) identifying some of the major issues now facing the Legislature. Many of these issues are long-range in nature. Even in these cases, however, legislative action during 1990 is warranted, since the Legislature generally will have a wider range of options for addressing these issues now than it will have in subsequent years. As such, this document is intended to complement the *Analysis of the 1990-91 Budget Bill*, which contains our traditional item-by-item review of the Governor's Budget.

The *Analysis* continues to report the results of our detailed examination of all programs and activities funded in the Governor's Budget. In contrast, this document presents an analytical overview of the state's fiscal condition. The recommendations included herein generally cut across program or agency lines and do not necessarily fall under the jurisdiction of a single fiscal subcommittee.

The 1990-91 Budget: Perspectives and Issues is divided into four parts.

Part One, "State Fiscal Picture," provides an overall perspective on the fiscal dilemma the Legislature faces in the coming year.

Part Two, "Perspectives on the 1990-91 Budget: Expenditures," presents data on the state's spending plan and provides information on each of the main program areas in the budget (such as K-12 Education, Resources, and Capital Outlay). For each area, we provide historical perspective on spending, an overview of the budget (including how the proposed amounts compare to a "current service level"), and a description of how much ability the Legislature has to control costs in the budget year.

Part Three, "Perspectives on the 1990-91 Budget: Revenues," describes the state's major funding sources and evaluates the administration's economic and revenue forecasts.

Part Four, "Major Issues Facing the Legislature," discusses some of the broader issues currently facing the Legislature. Wherever possible, our analysis identifies options that the Legislature may wish to consider in addressing these issues. The issues in this part fall into five general categories: (1) drug-related issues (its use among the population, an inventory of state programs to fight drug abuse, and an analysis of state prevention programs); (2) infrastructure topics (an overview of the state's infrastructure situation and an analysis of the capital outlay needs of postsecondary education); (3) resources issues (an alternative method of addressing air pollution and state preparedness for small oil spills); (4) health issues (state health services to rural areas, long-term health care, and the status of Proposition 99 programs); and (5) oversight issues (county fiscal capacity and the implementation of Proposition 103).
