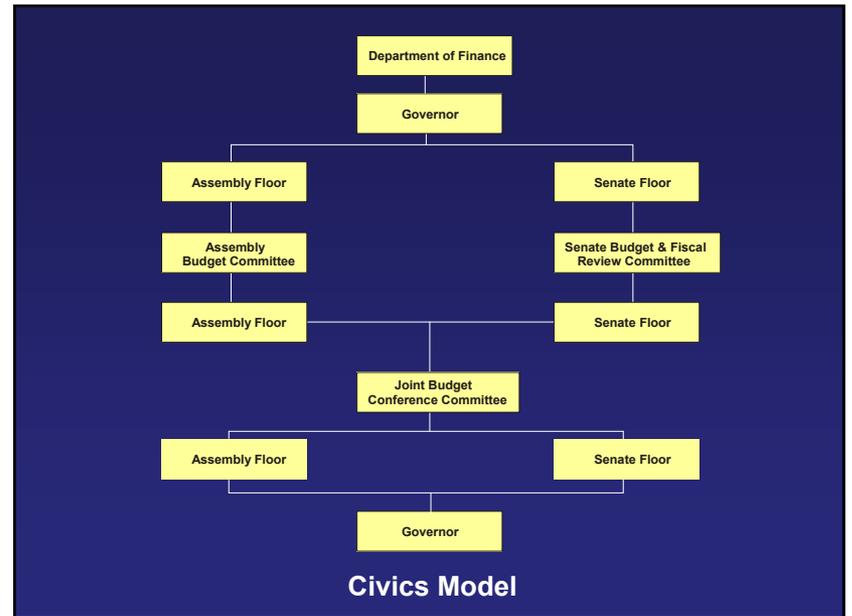


# Budgets, Taxes, and Spending



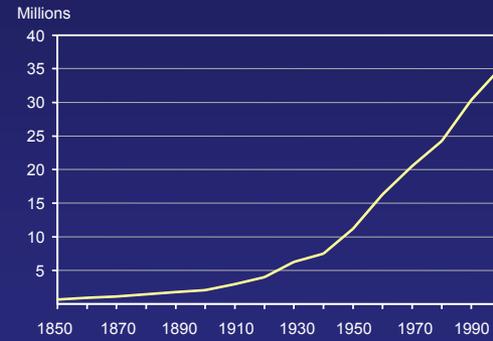
The Promise and  
The Challenge in California





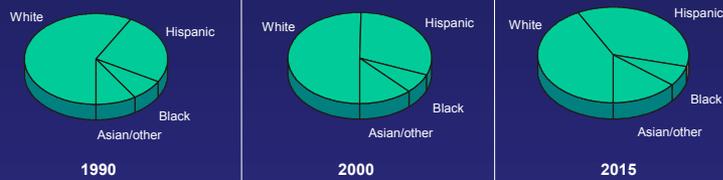
## California's Population Has Increased Dramatically Over Time

California's Civilian Population



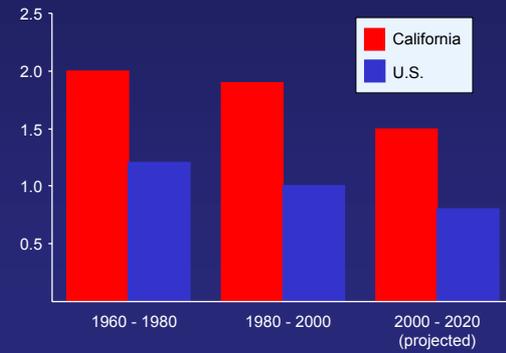
## California's Diverse and Changing Ethnic Mix

Population Distribution by Ethnicity



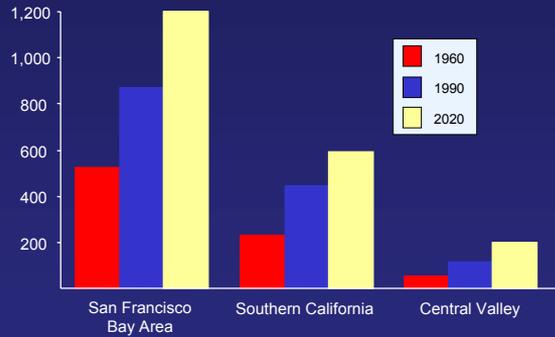
## California's Population Growth Will Continue to Outpace the Nation's

Annual Average Percent Change



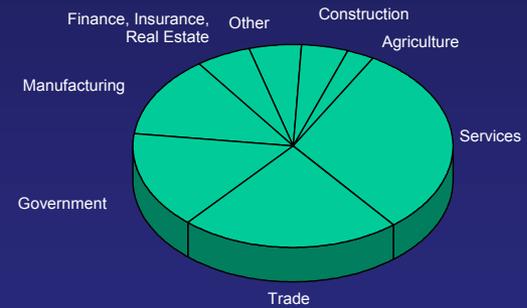
## California Is Becoming Increasingly Urban

Population Density per Square Mile



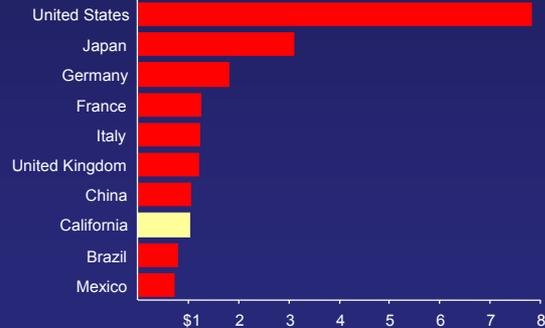
## California's Economy Is Highly Diversified

Wage and Salary Jobs in 2000, by Sector



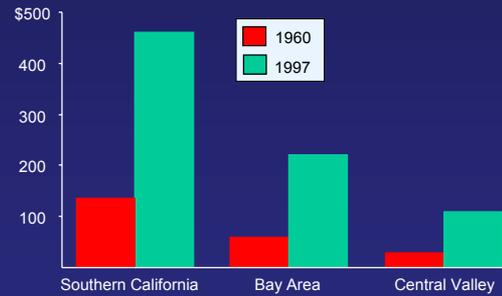
## California Is the World's Eighth Largest Economy

Gross Product in 1997  
(In Trillions)



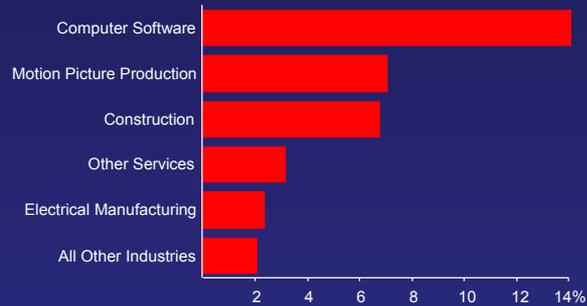
## Growth in Personal Income By Major California Economic Region

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



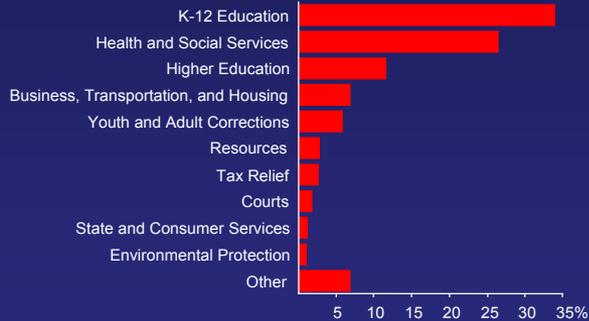
## Income Gains—Widespread But Greatest at the High End

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



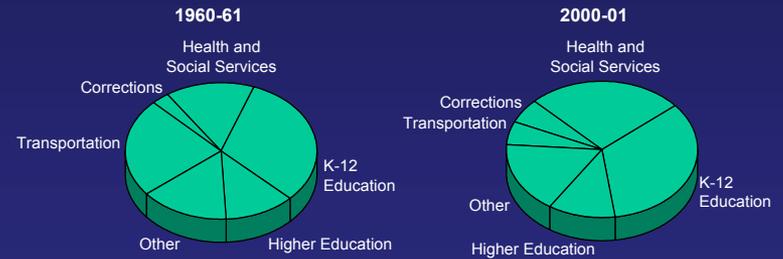
# Share of Total State Expenditures By Major Program Area

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



# Changes in the Mix of State Expenditures Over Time

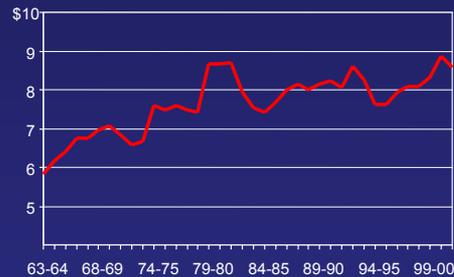
Total State Expenditures, 1960-61 and 2000-01  
(Proposed)



## State Expenditures Relative to the Economy

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



## Significant Changes Over Time in the State-Local Fiscal Relationship

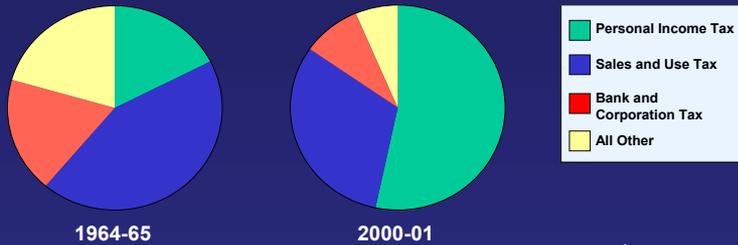
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- ⌚ Increased Voter Oversight of Revenue
- ⌚ Shifts in Program and Funding Responsibility
- ⌚ Reduced Local Flexibility



## Relative Importance of Different Revenue Sources Over Time

General Fund Revenues



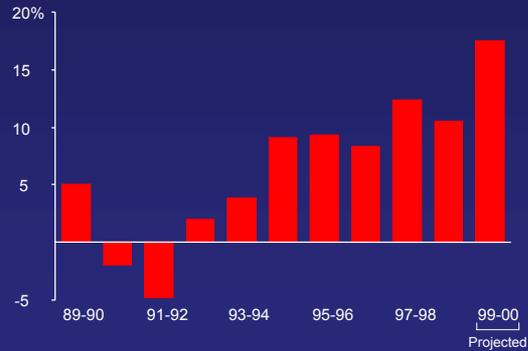
## California's Relative Tax Burden—About Average

State and Local Taxes per \$100 of Personal Income



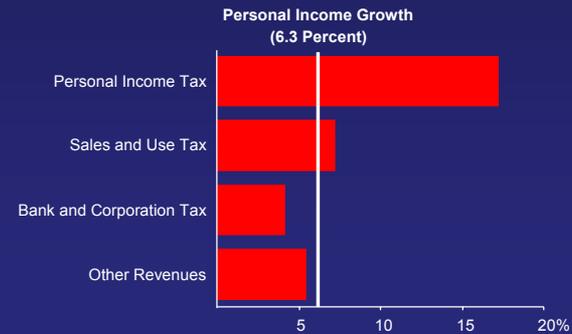
## Underlying General Fund Revenue Growth

1989-90 Through 1999-00



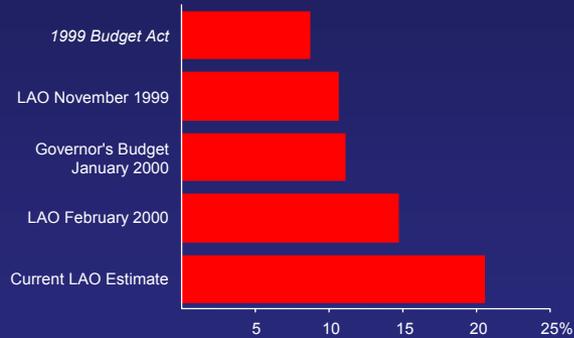
## Recent General Fund Revenue Performance by Source

Average Annual Revenue Growth  
1994-95 Through 1999-00



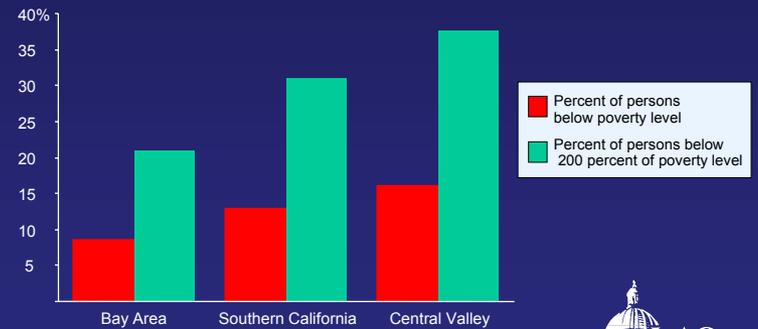
## Significant Upward Revisions Made To Projected Revenue Growth

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



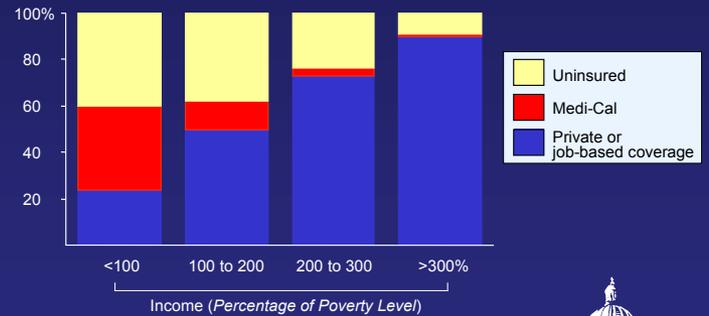
## Housing Affordability Is a Major Issue In California

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



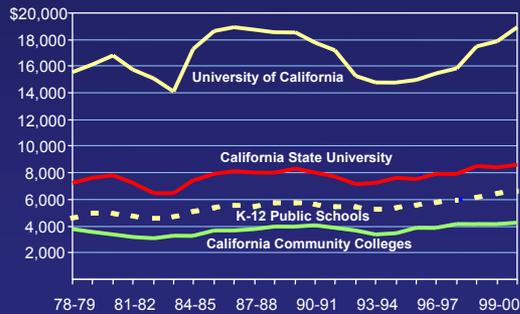
## Health Insurance Coverage for Nonelderly Californians

By Family Income, 1997



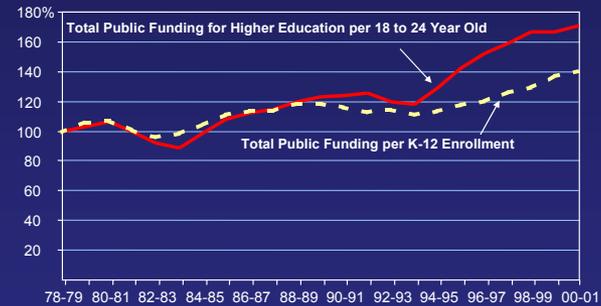
## Funding for K-12 and Higher Education Per Student

1978-79 to 2000-01  
Constant 2000 Dollars

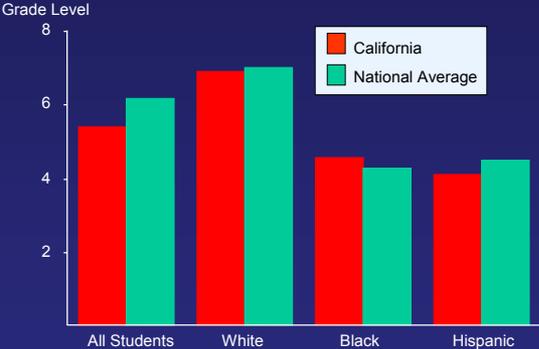


## Growth in Total Public Funding For K-12 and College-Age Students

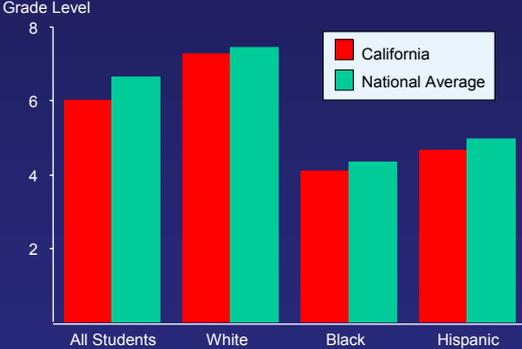
Percent of 1978-79 Funding Level (Adjusted for Inflation)



# 8th Grade Reading Proficiency Levels By Race/Ethnicity

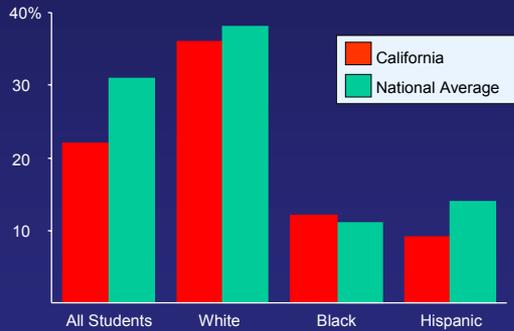


# 8th Grade Math Proficiency Levels By Race/Ethnicity



## 8<sup>th</sup> Grade Proficient Readers

Percent of Students Reading at a Proficient Level



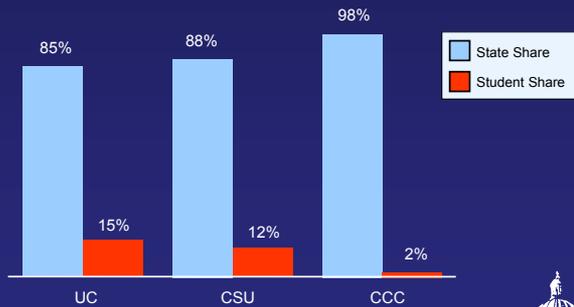
## California Public Higher Education Participation Over Time

Percent of Californians Attending College by Age Cohort 1977 to 1998



## State and Student Shares of College Institutional Costs

2000-01 Budget Proposal

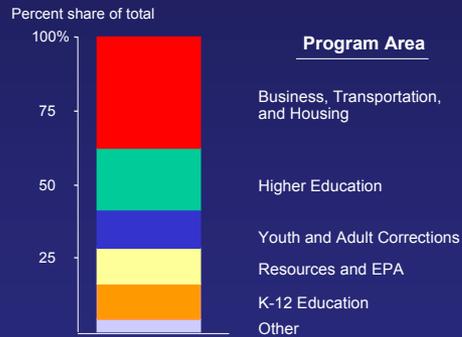


## Trends in State Capital Outlay Spending Over Time

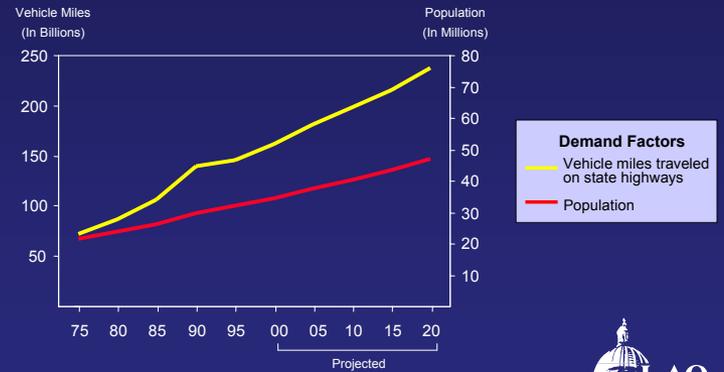
1966-67 Through 2000-01



## Ten-Year Infrastructure Needs Exceed \$80 Billion

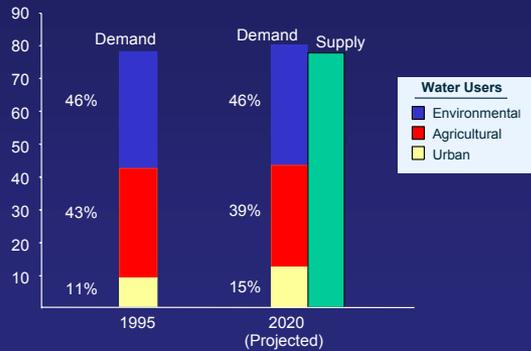


## Steady Growth in Transportation Demand Foreseen



## 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.

