



California Budget  
& Policy Center

# California Budget Perspective 2016-17

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9TH ANNUAL DEVELOPMENTAL DISABILITIES

PUBLIC POLICY CONFERENCE

THE ARC AND UCP CALIFORNIA

[calbudgetcenter.org](http://calbudgetcenter.org)

**The state budget is a statement about our values and priorities.**



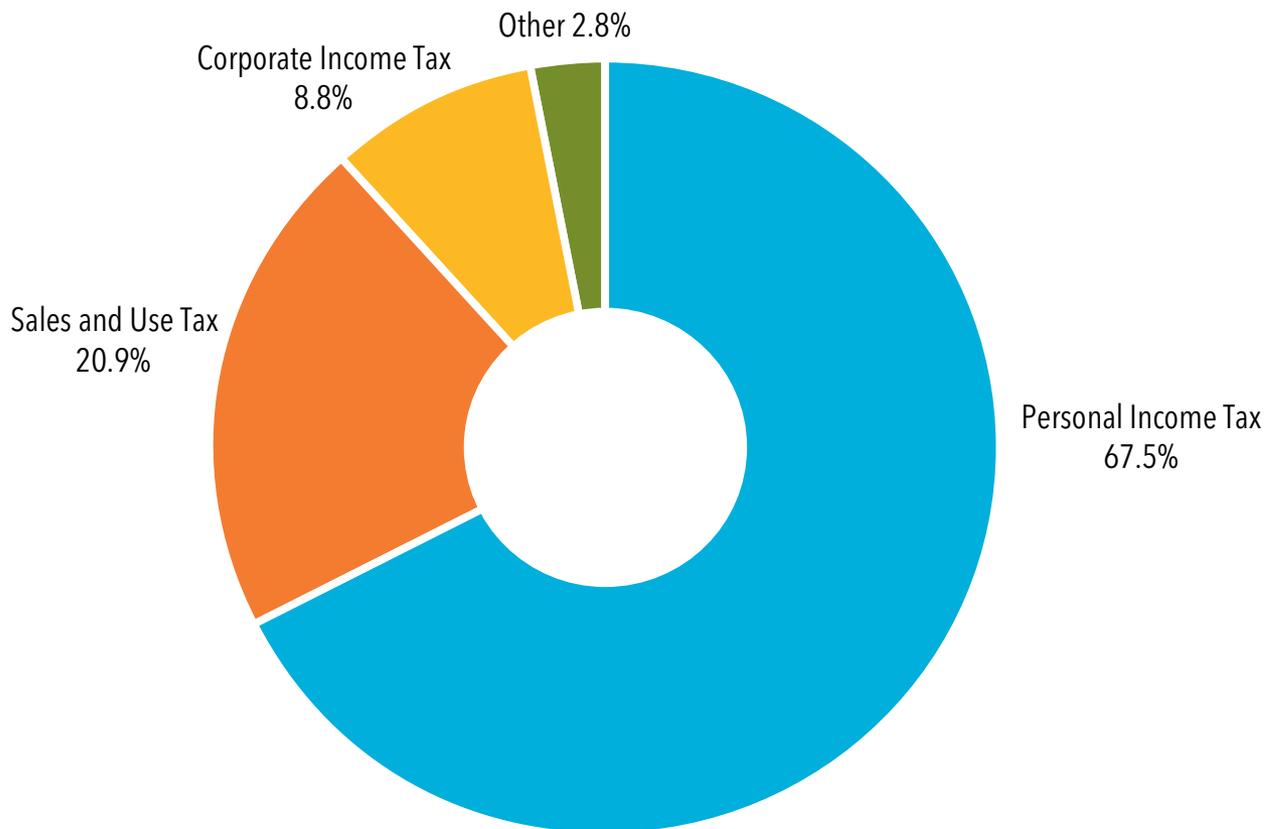
# Key Facts About the California State Budget



# The Personal Income Tax Is Projected to Account for Two-Thirds of California's General Fund Revenues

Projected 2016-17 General Fund Revenues = \$124.2 Billion

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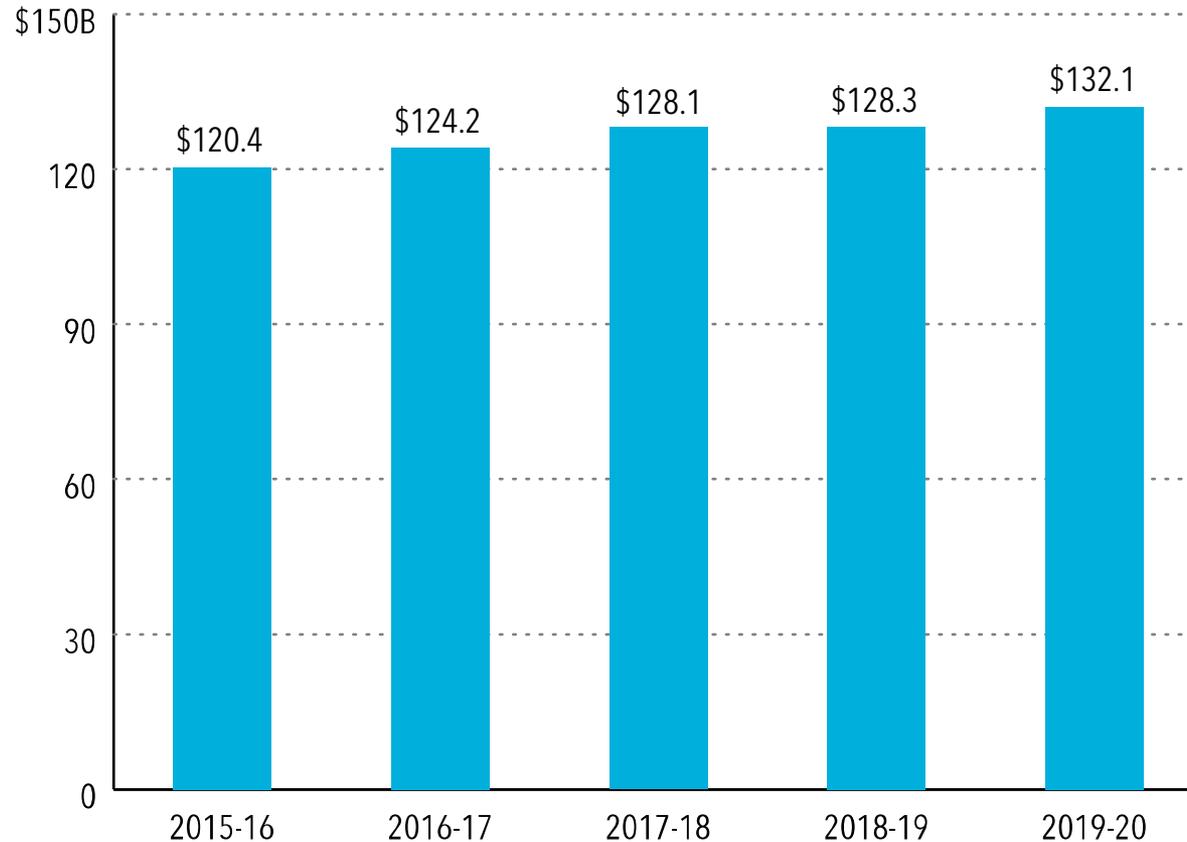
Note: Reflects total projected General Fund revenues before a \$1.6 billion transfer to the state's rainy day fund as required by Proposition 2, the ballot measure passed by voters in November 2014, and an additional \$2 billion transfer proposed by the Governor.

Source: Department of Finance



# Annual General Fund Revenues Are Projected to Rise Modestly Through 2019-20

Dollars in Billions

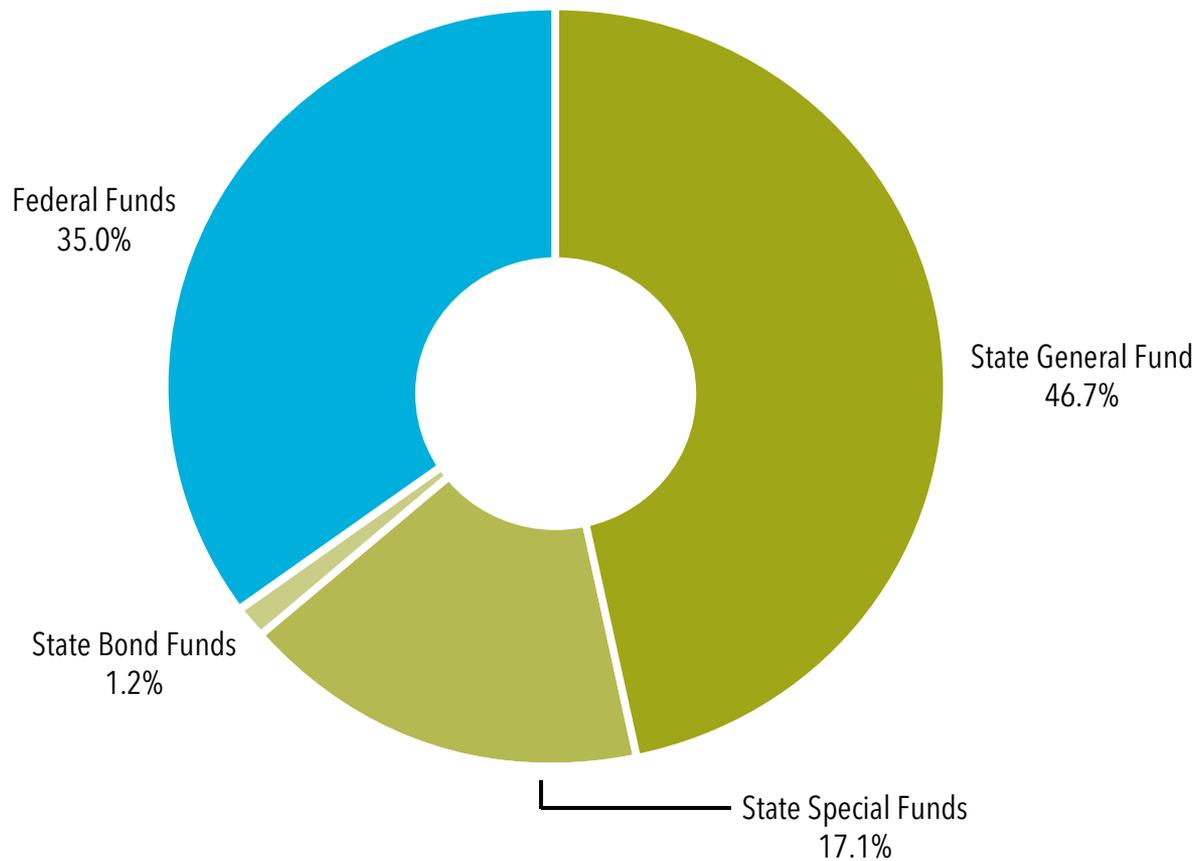


Note: 2015-16 is estimated; 2016-17 onward are projected. Figures reflect total projected General Fund revenues before transfers to the Budget Stabilization Account, the state's rainy day fund.  
Source: Department of Finance



# State Funds Account for Nearly Two-Thirds of California's State Budget

Total Proposed 2016-17 Expenditures = \$262.6 Billion

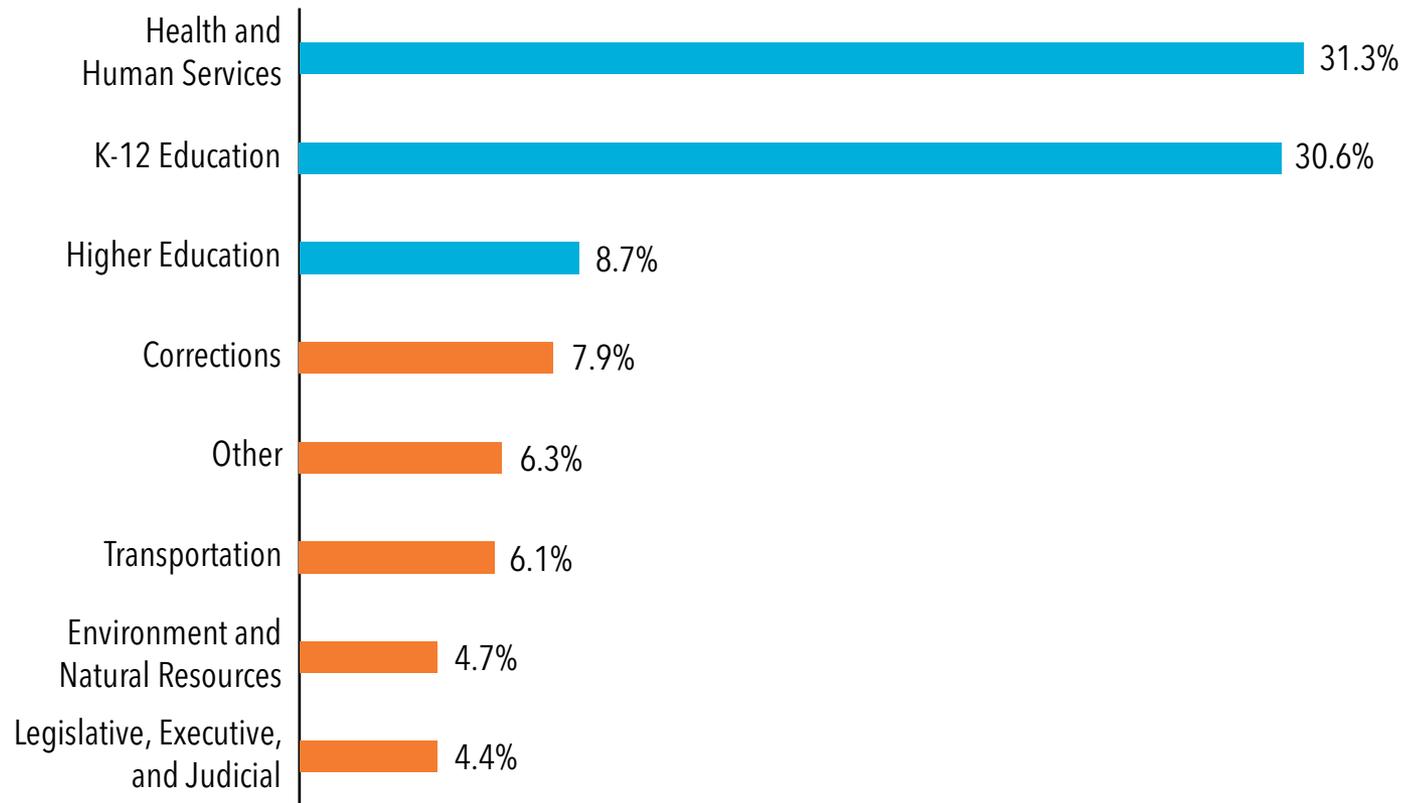


Source: Department of Finance



# More Than 7 in 10 State Dollars Support Health and Human Services or Education

Proposed 2016-17 General Fund and Special Fund Expenditures = \$167.6 Billion

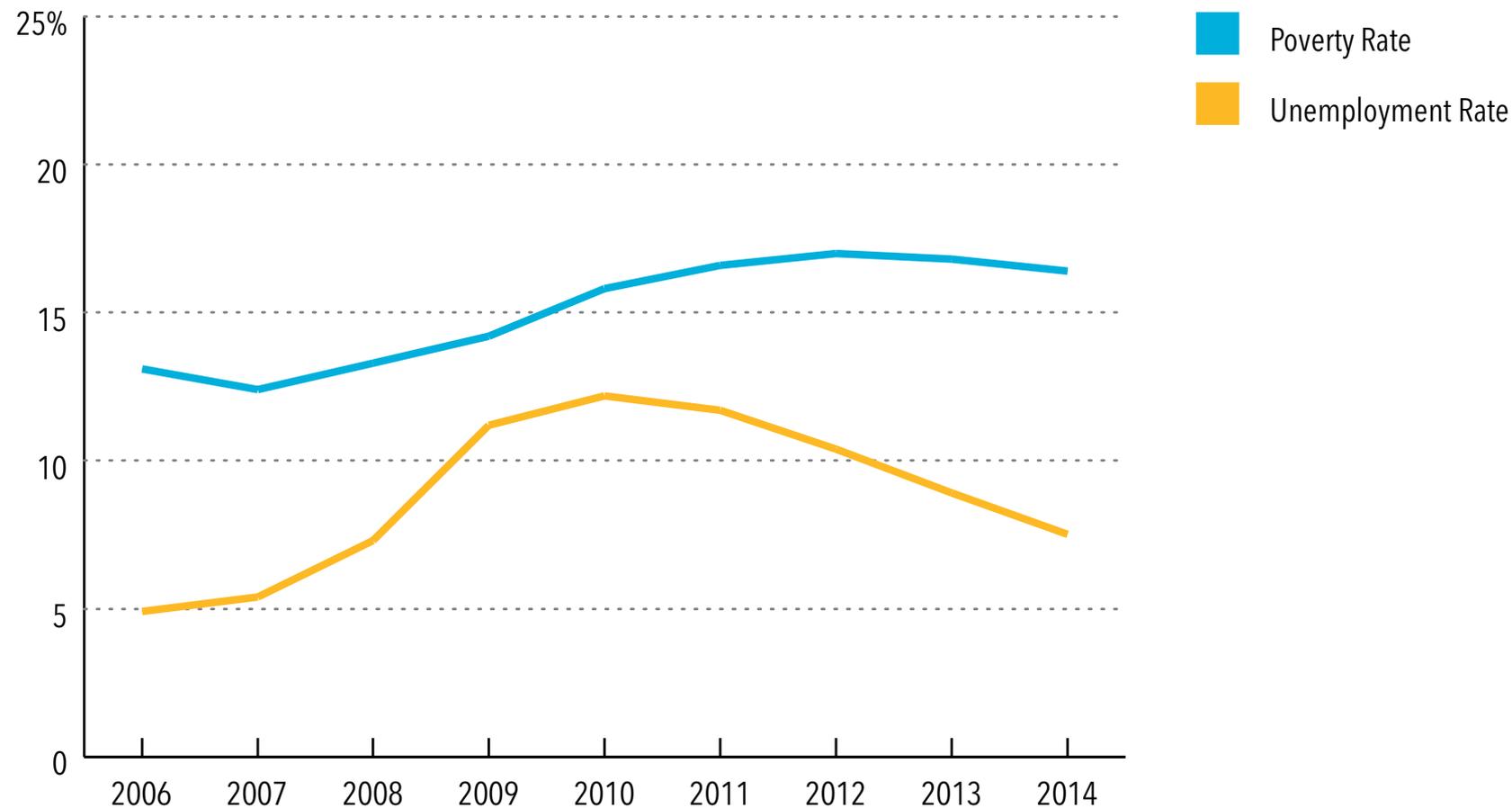


# The Social and Economic Context of the State Budget



# California's Poverty Rate Remains High in Spite of a Steady Decline in the Unemployment Rate

## California's Unemployment Rate and Poverty Rate

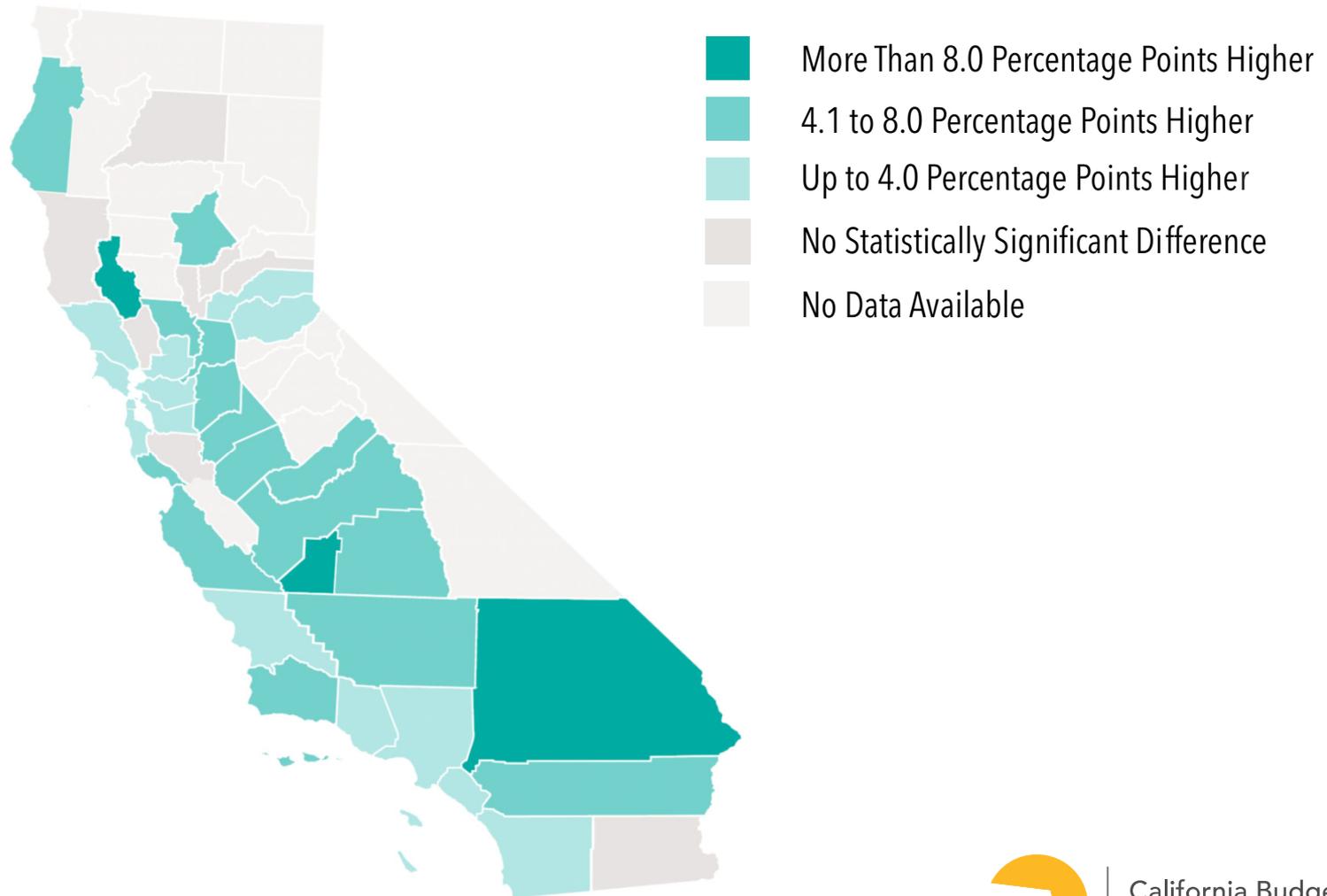


Source: Employment Development Department and US Census Bureau



# Poverty Rates Remain High in Many Parts of the State, Even in Places Where Job Gains Have Been Strong

Percentage-Point Difference in Poverty Rate Between 2007 and 2014

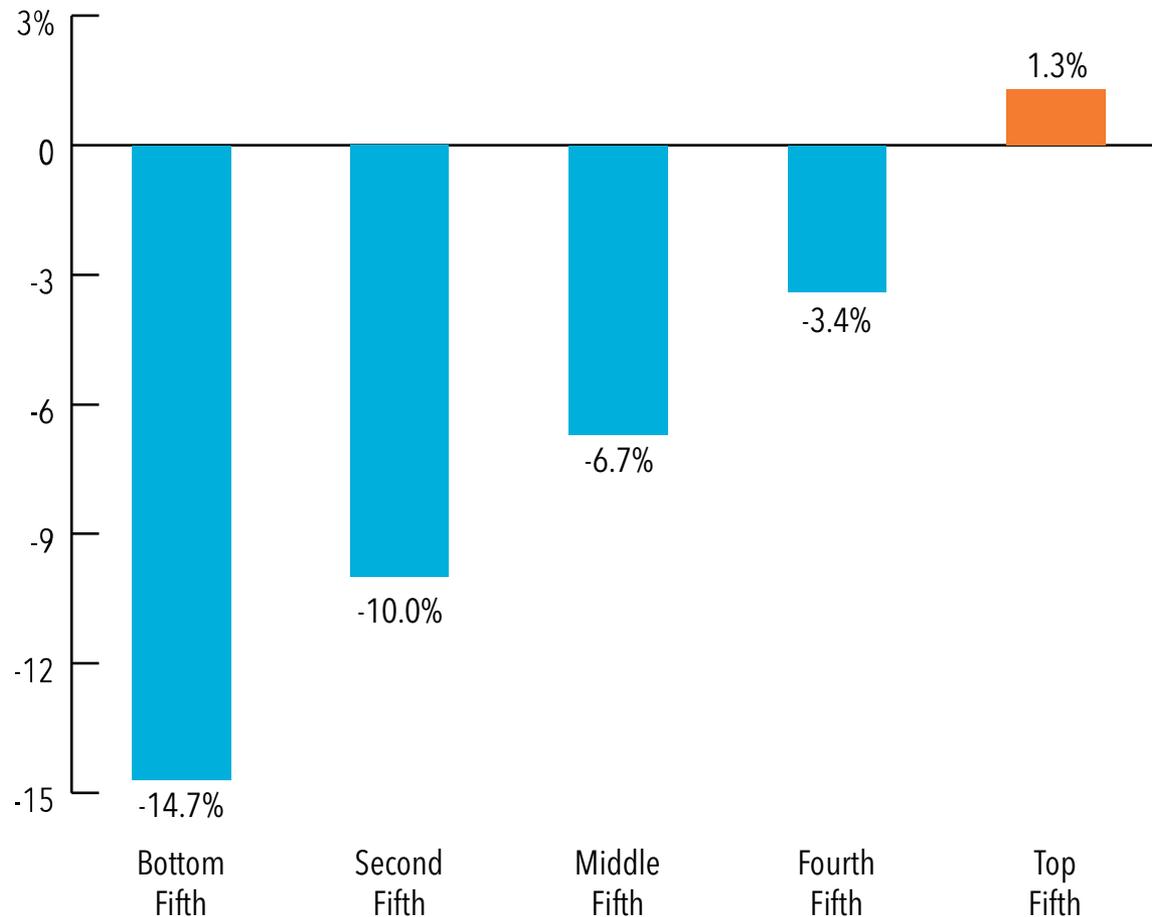


Source: Budget Center analysis of US Census Bureau data



# Only Higher-Income Households Have Seen Their Incomes Recover From the Great Recession

Percent Change in Income Segment's Average Inflation-Adjusted Income, 2006 to 2014



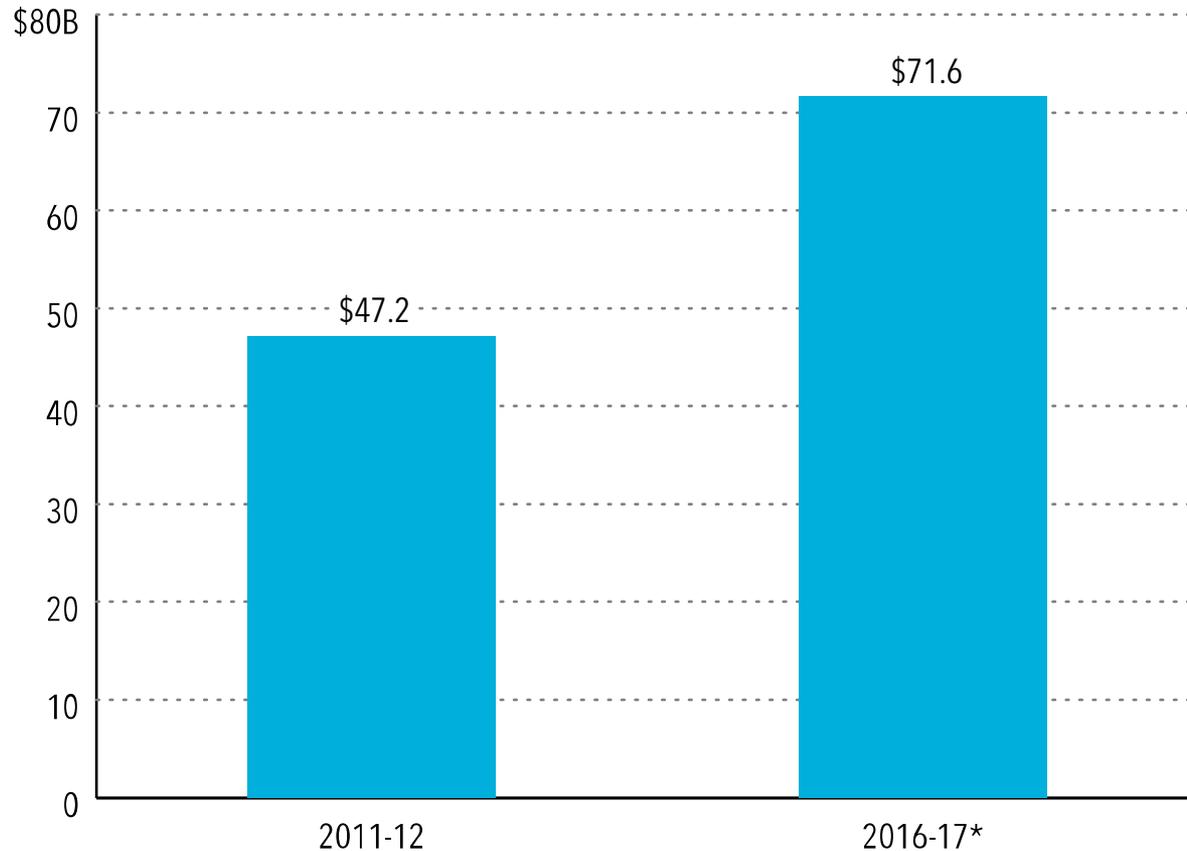
Source: US Census Bureau



# K-12 Education and California's Community Colleges



# Increased Revenues Boost K-14 Education Spending to More Than \$70 Billion, Over 50 Percent Above 2011-12 Proposition 98 Spending, Not Inflation-Adjusted



\* 2016-17 proposed.

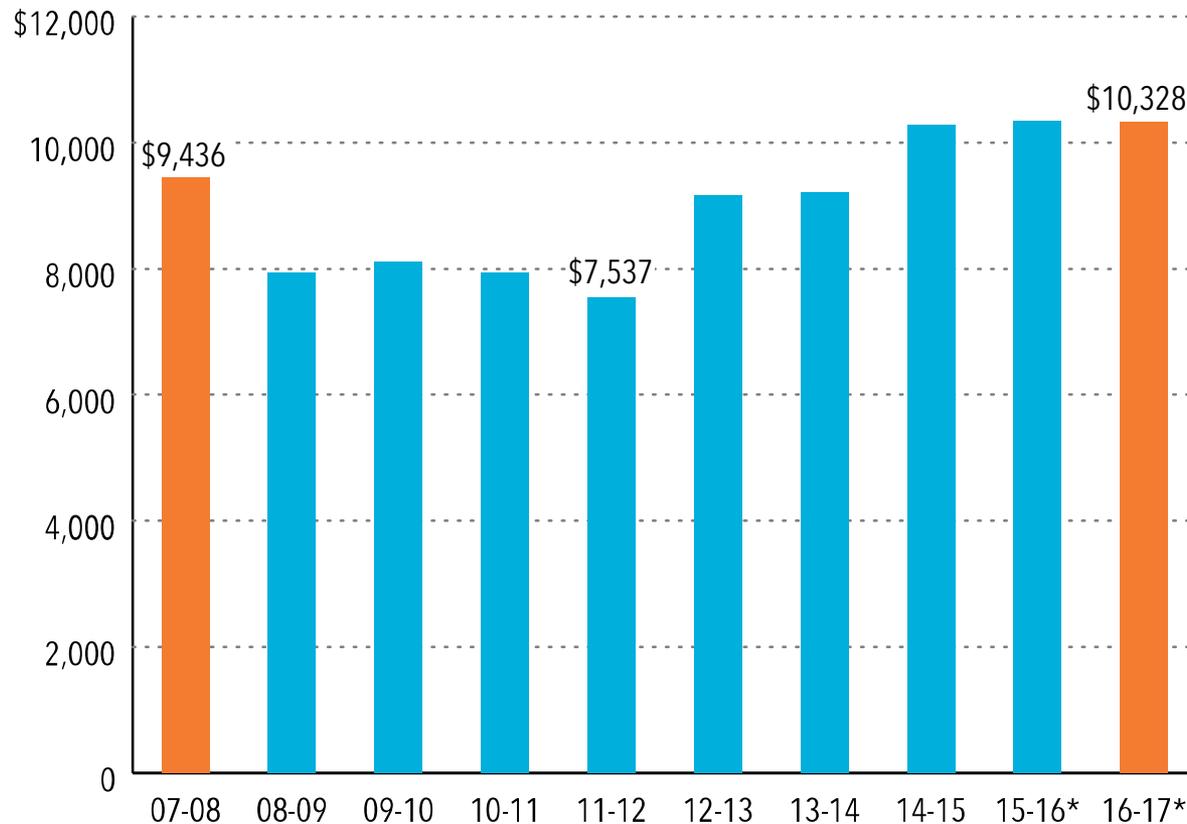
Note: Proposition 98 spending includes both state General Fund and local property tax dollars and excludes child care.

Source: Legislative Analyst's Office



# Due to Higher Revenues, 2016-17 Spending Per Student Would Be Nearly \$900 Above 2007-08

## K-12 Proposition 98 Spending Per Pupil, Inflation-Adjusted



\* 2015-16 estimated and 2016-17 proposed.

Note: Figures reflect 2016-17 dollars and exclude adult education, preschool spending, and child care. Proposition 98 spending reflects both state General Fund and local property tax dollars.

Source: Legislative Analyst's Office

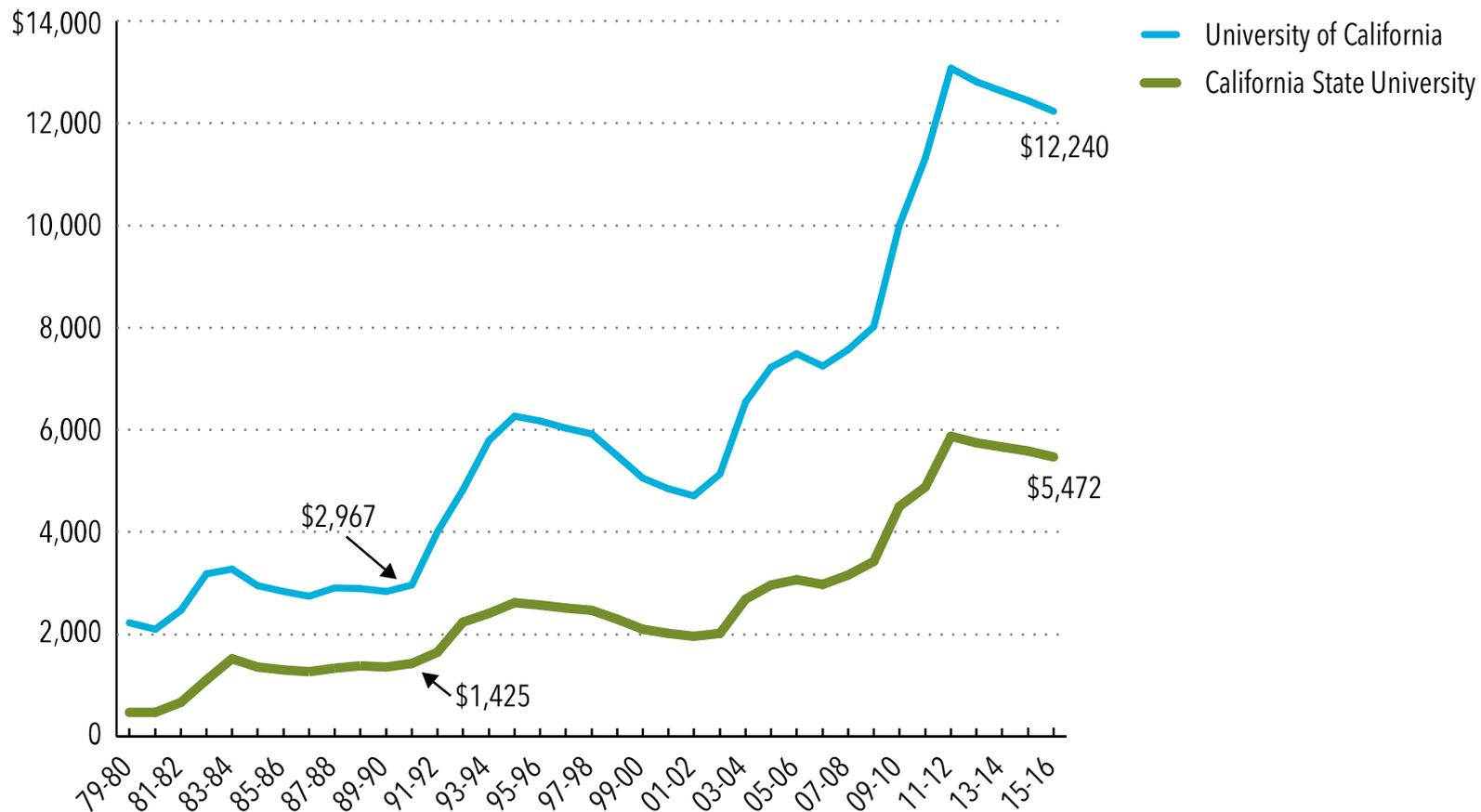


# Higher Education: California State University and University of California



# Since 1990-91, Tuition and Fees Have More Than Tripled at CSU and More Than Quadrupled at UC

## Systemwide Tuition and Fees for California Resident Undergraduates, Inflation-Adjusted



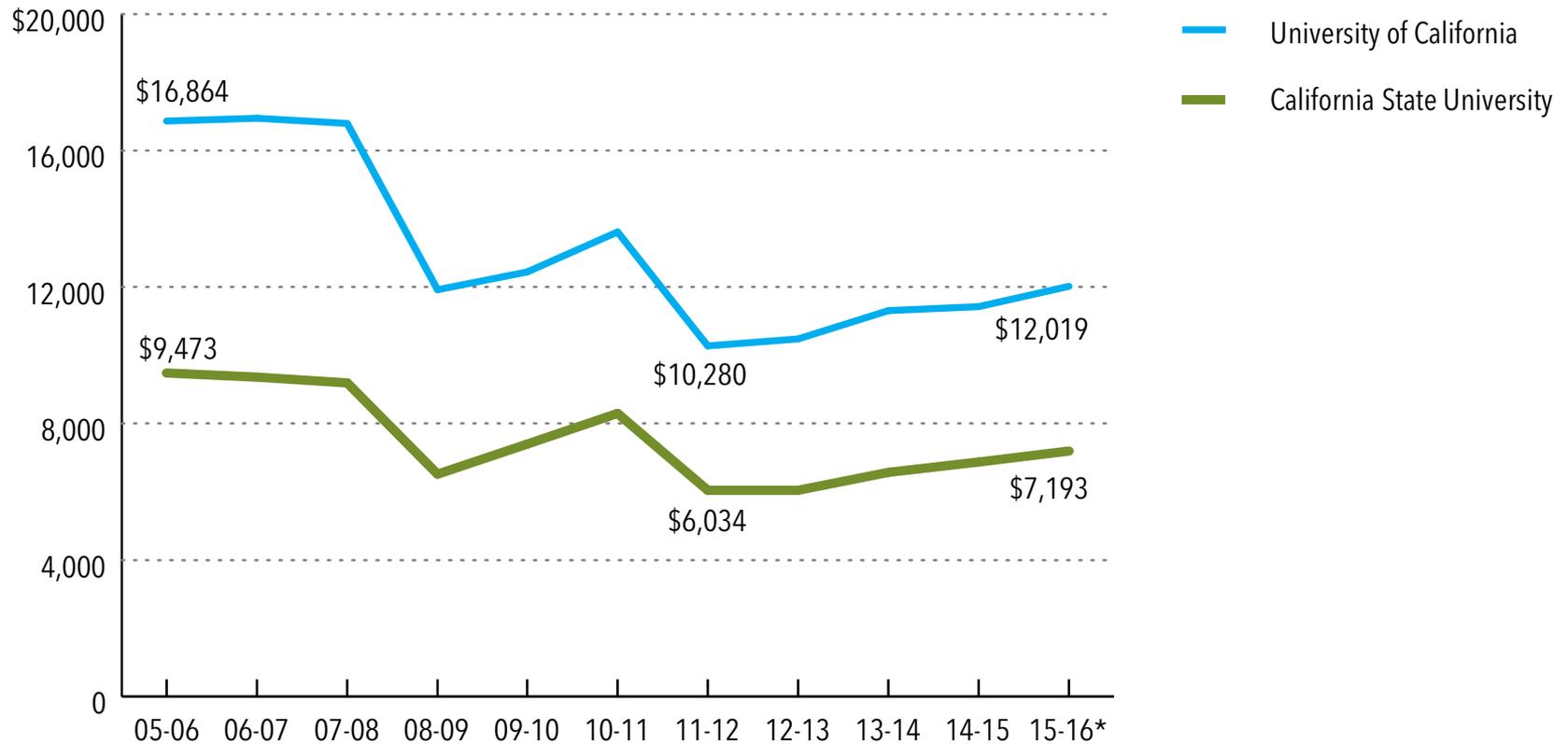
Note: Figures are in 2015-16 dollars. Without adjusting for inflation, systemwide tuition and fees at CSU have been frozen since 2011-12.

Source: California State University and University of California



# State Spending Per Student at CSU and UC Remains Below Pre-Recession Levels, Despite Recent Increases

Direct General Fund Expenditures Per Full-Time Student, Inflation-Adjusted



\* Estimated.

Note: Figures are in 2015-16 dollars and reflect "full-time equivalent" enrollment, which accounts for credits taken by each student relative to a full-time course load. Data exclude indirect state funding for CSU and UC attributable to Cal Grant tuition and fee payments.

Source: California State University, Department of Finance, and University of California

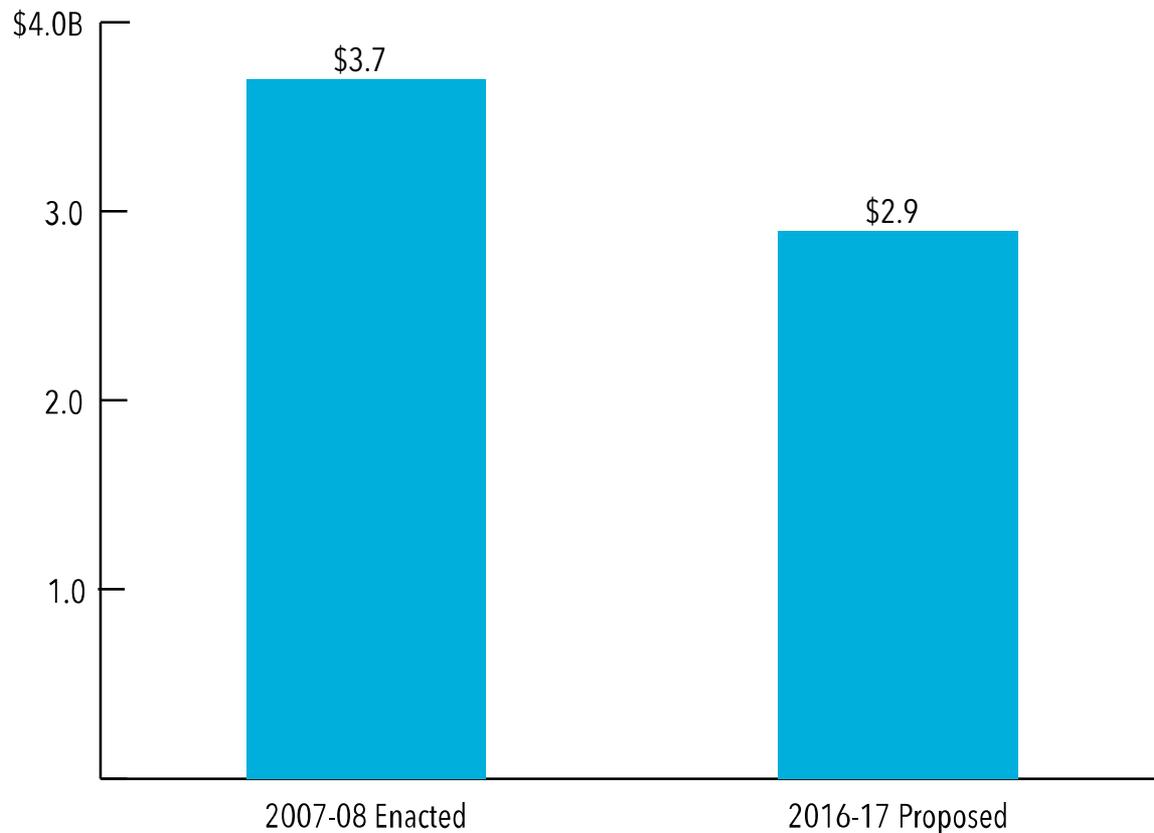


# Early Education: Preschool and Child Care



# Annual Funding for Child Care and Preschool Remains More Than 20 Percent Below the Pre-Recession Level

## Total Funding for Subsidized Child Care and Preschool in California, Inflation-Adjusted



Note: Figures are in 2016-17 dollars and include federal and state funds for slots as well as for quality and support programs. Child care includes CalWORKs and non-CalWORKs programs. Preschool does not include Transitional Kindergarten.

Source: California Department of Education and Department of Finance

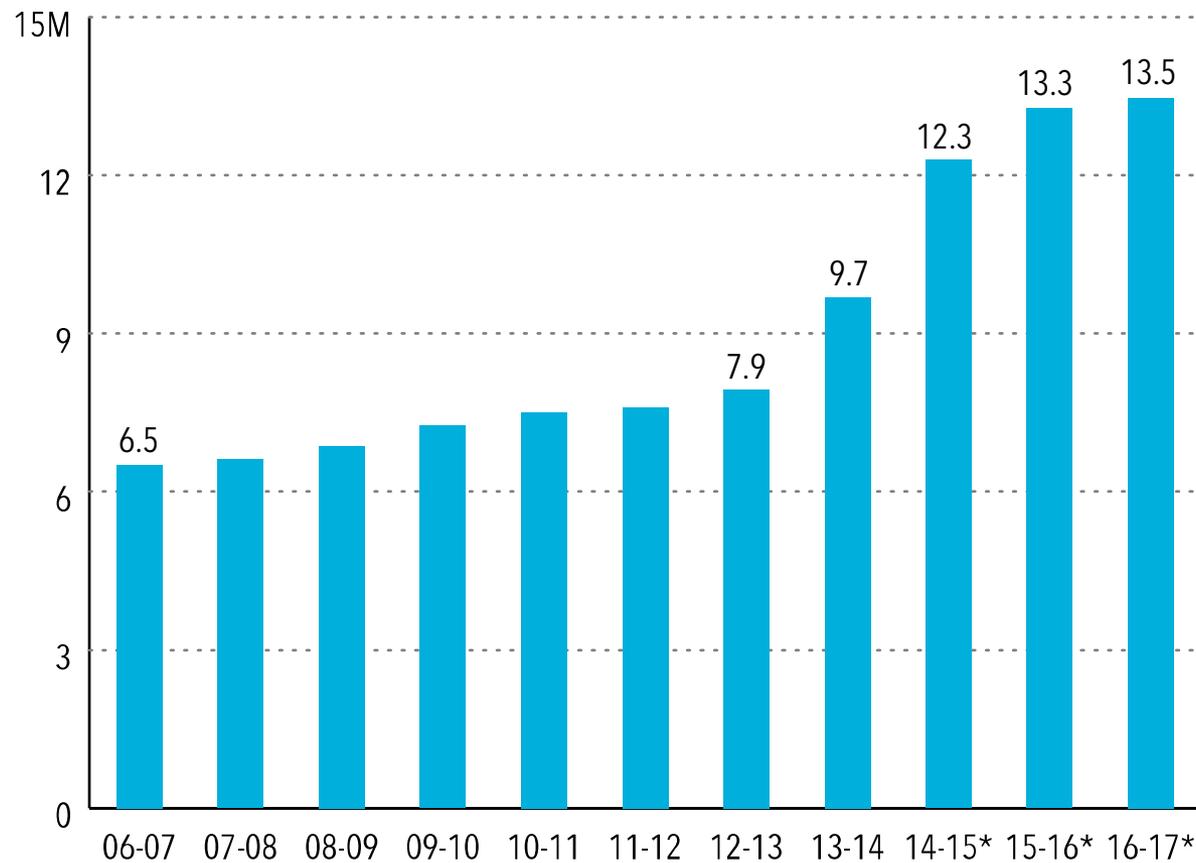


# Health and Human Services



# Medi-Cal Enrollment Growth Is Slowing, Following Substantial Increases in 2013-14 and 2014-15

Enrollment Gains in Prior Years Were Largely Due to Implementation of Health Care Reform



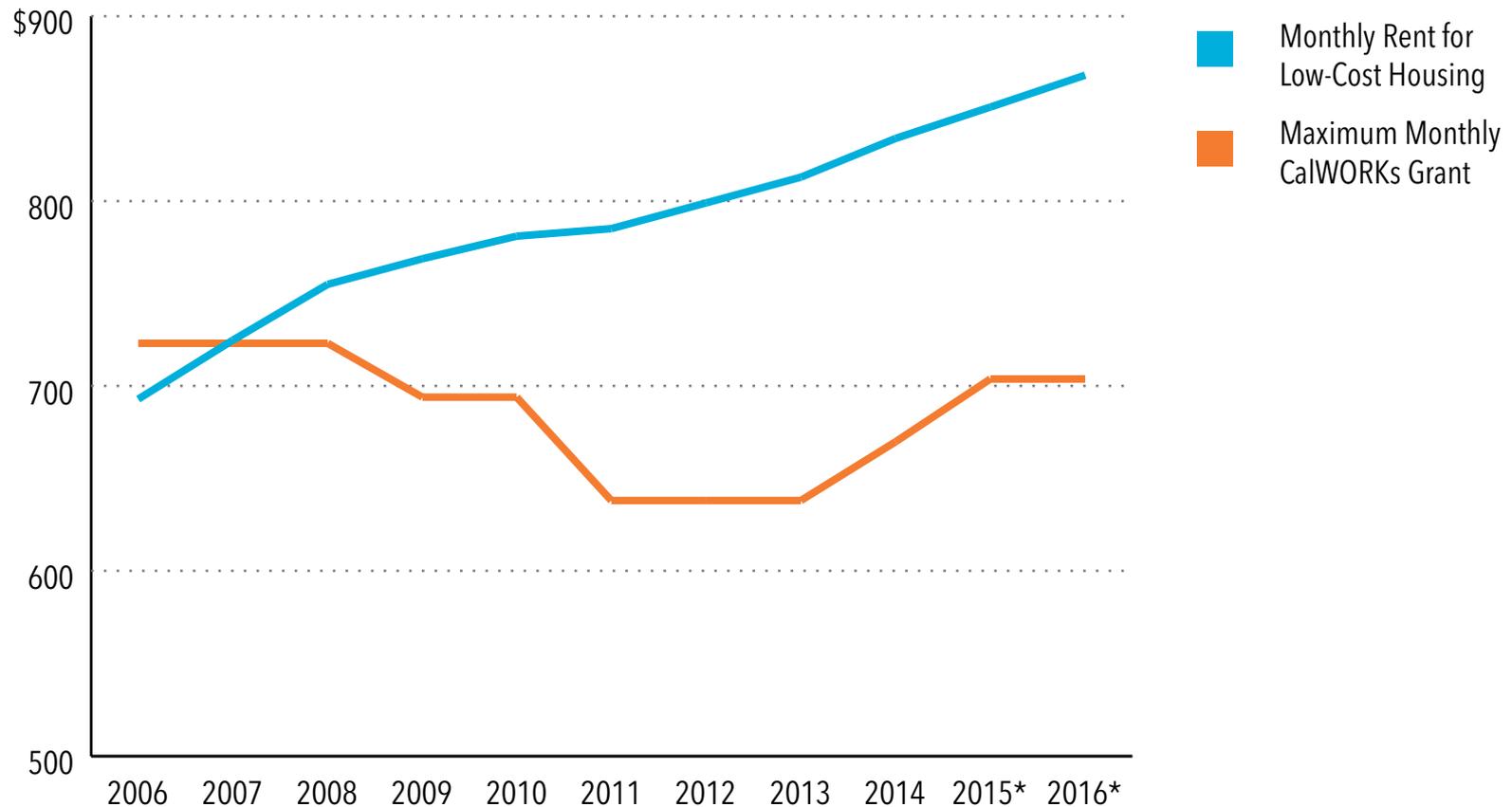
Note: 2014-15 and 2015-16 are estimated, and 2016-17 is projected. Figures reflect average monthly enrollment.

Source: Department of Health Care Services



# CalWORKs Grants Provide Less Support Than in 2006 Even As Rents for Low-Cost Housing Have Risen

## Maximum Monthly CalWORKs Grant Compared to 25th Percentile Monthly Rent

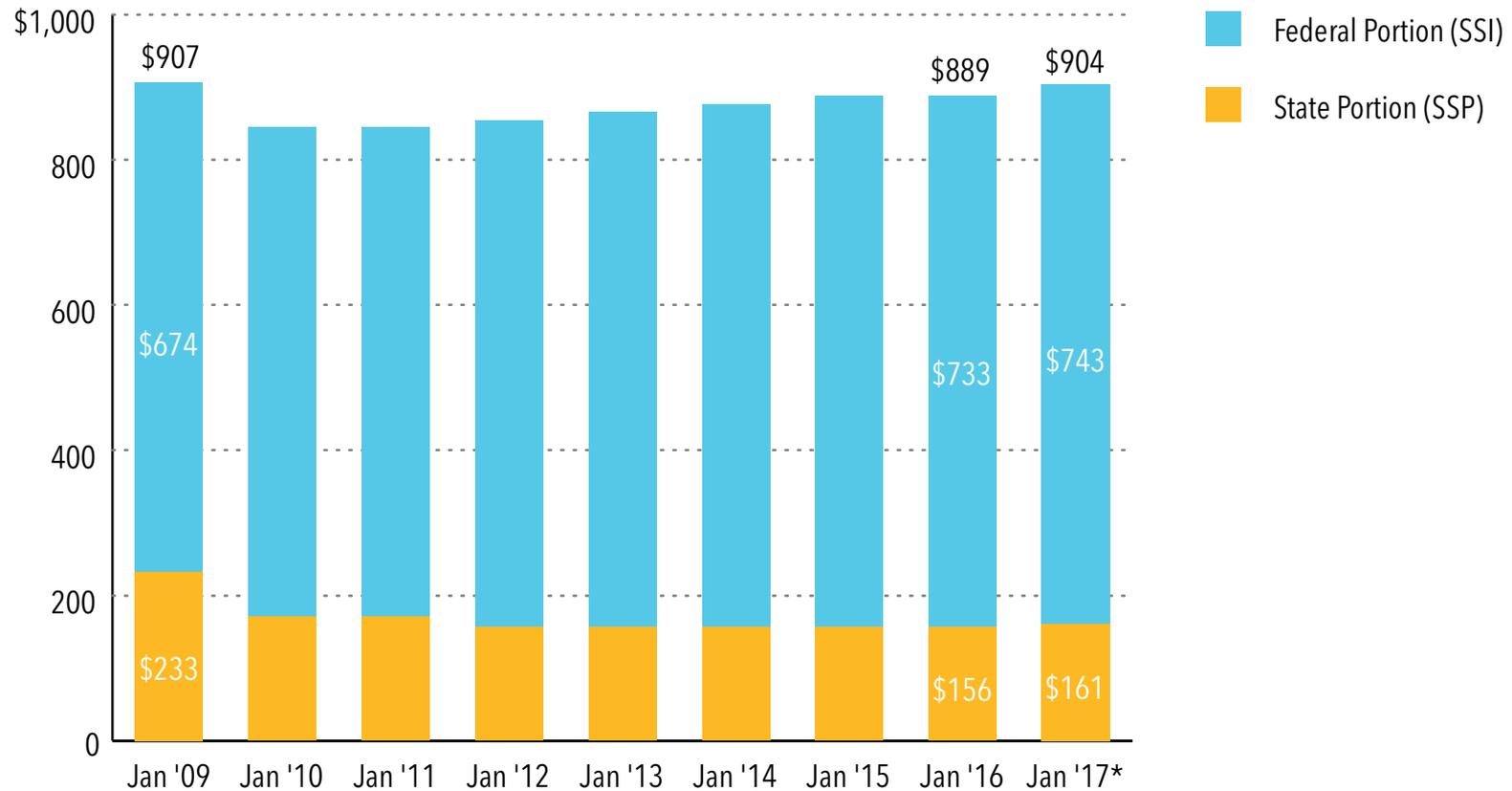


\* Rents are estimated based on the compound annual growth rate between 2011 and 2014.  
Note: CalWORKs grant is for a family of three in "high-cost" counties. The Governor's proposed budget assumes that there will be no increase to CalWORKs grants in the 2016-17 fiscal year, which begins July 1. Rent excludes utilities and reflects all unit sizes.  
Source: Department of Social Services and US Census Bureau, American Community Survey



# SSI/SSP Grants Would Remain Below the 2009 Level, Even With the Governor's Proposed Increase to the SSP Portion

## Maximum Monthly SSI/SSP Grant for Individuals Who Are Elderly or Have Disabilities



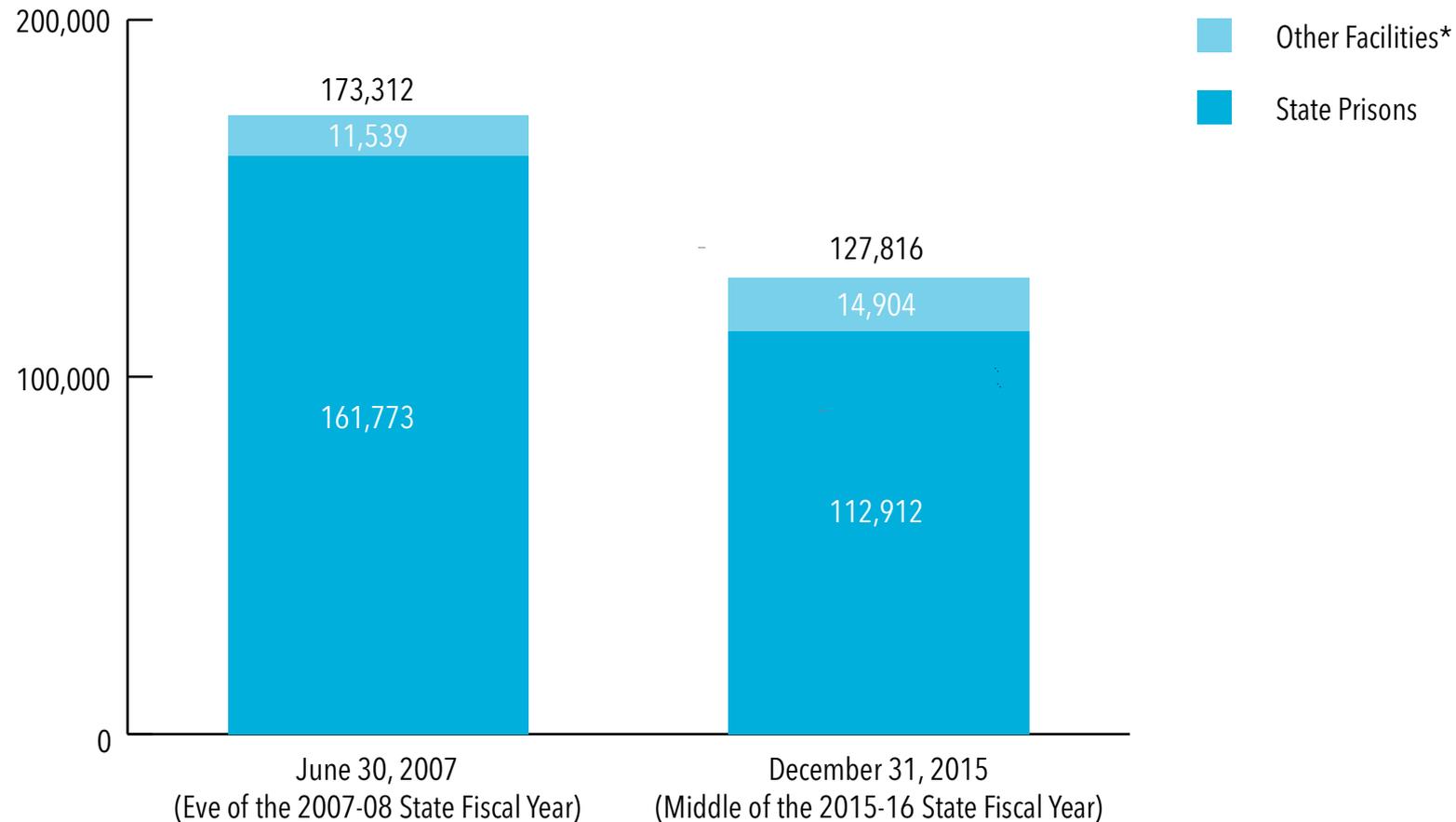
\* Includes a projected 1.39 percent federal cost-of-living adjustment (COLA) to the SSI portion. In addition, reflects the Governor's proposal to provide a one-time state COLA to the SSP portion, which the Legislative Analyst's Office indicates would equal 2.76 percent.  
 Source: Department of Social Services and Legislative Analyst's Office



# Corrections



# The Number of Incarcerated Adults in State Custody Is Down by More Than One-Quarter Since Mid-2007

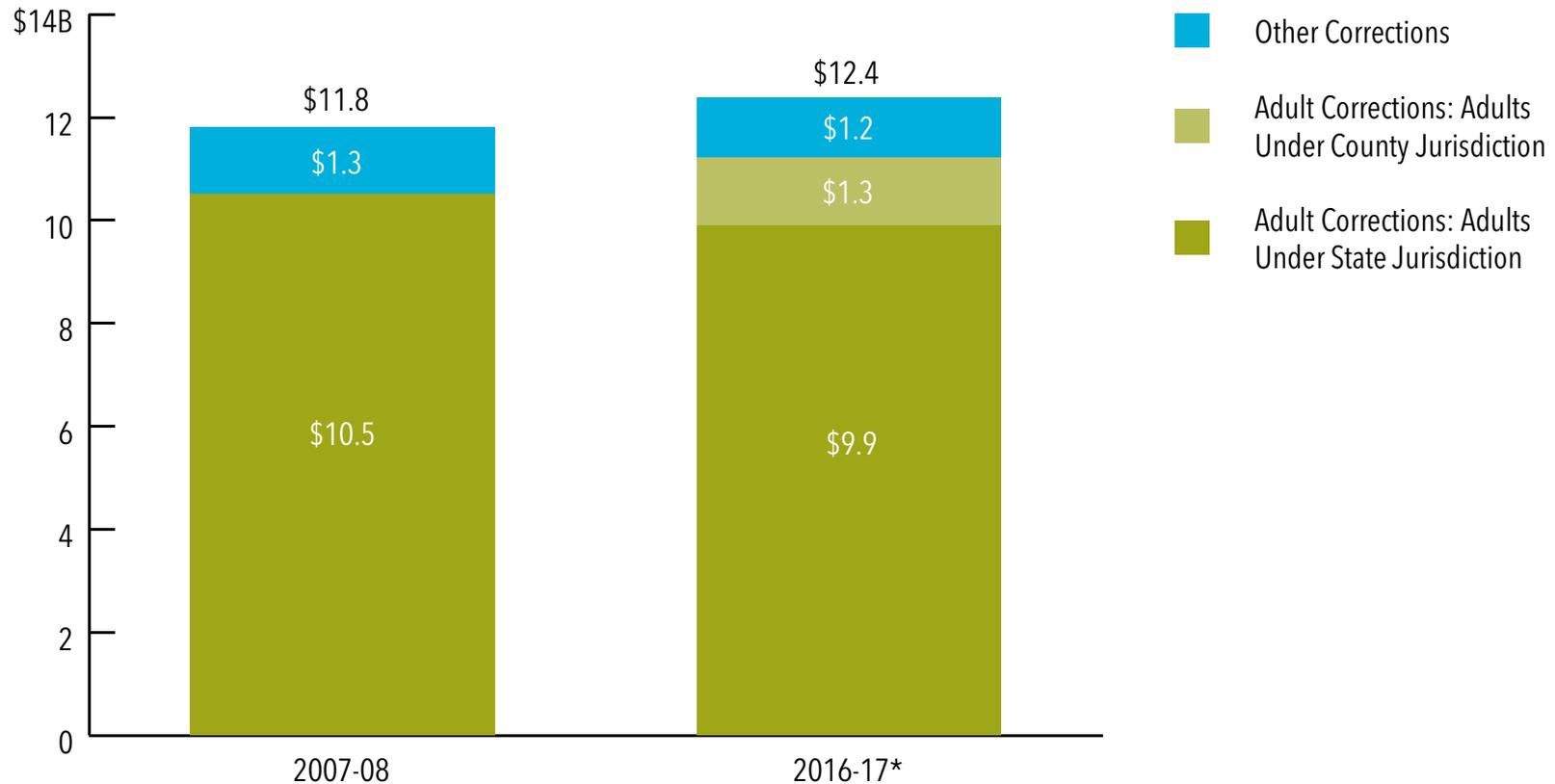


\* In-state and out-of-state contract facilities, fire camps, and state hospitals for the mentally ill.  
Source: California Department of Corrections and Rehabilitation



# Total Corrections Spending in 2016-17 Would Exceed the 2007-08 Level Under the Governor's Proposed Budget

Dollars in Billions, Inflation-Adjusted



\* Proposed.

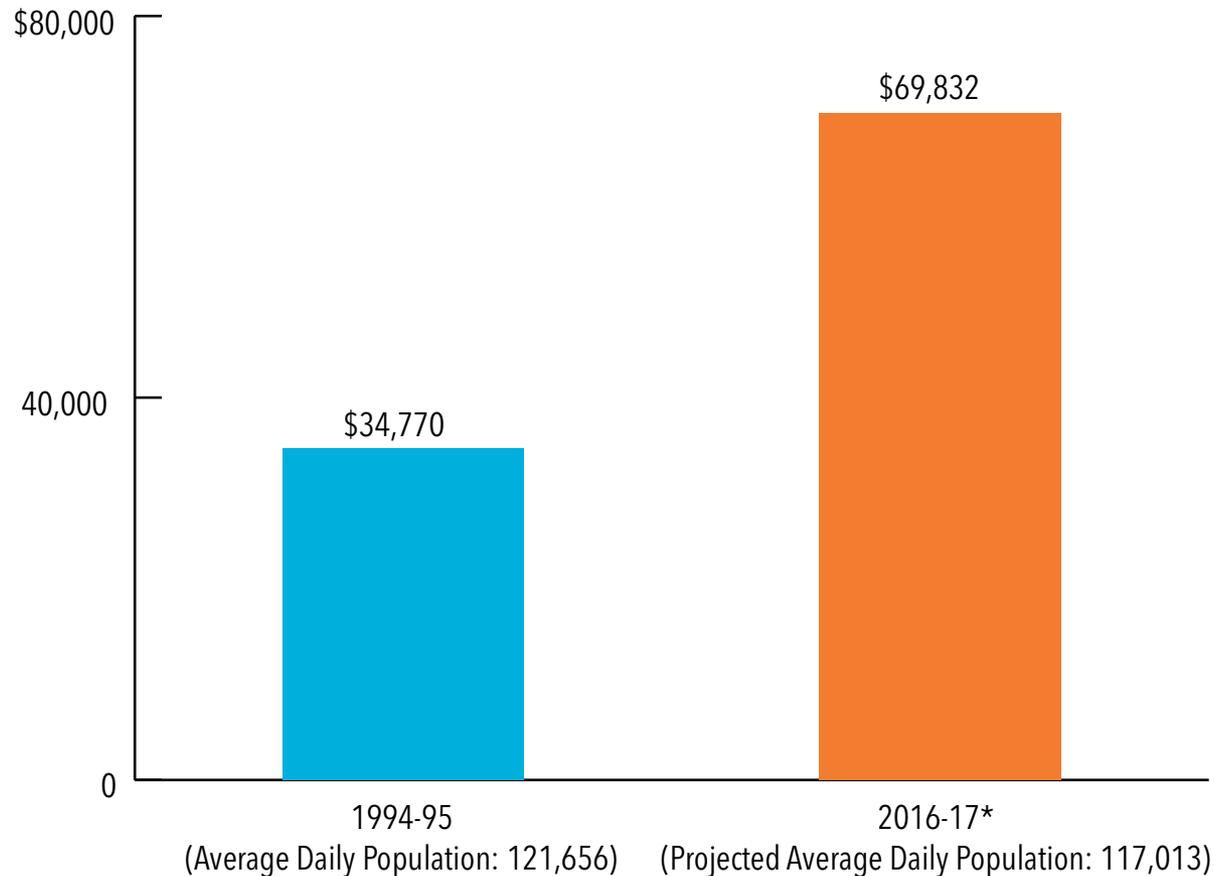
Note: Figures reflect 2016-17 dollars and include spending from multiple sources for the California Department of Corrections and Rehabilitation, the Board of State and Community Corrections, and local community corrections and juvenile justice programs funded through the 2011 "realignment."

Source: Department of Finance



# Spending Per Incarcerated Adult Would Be Twice the 1994-95 Level Under the Governor's Proposed Budget

## Per Capita Cost for Adults Housed in State Prisons and Fire Camps, Inflation-Adjusted



\* Proposed.

Note: 1994-95 per capita cost reflects 2016-17 dollars.

Source: Department of Finance

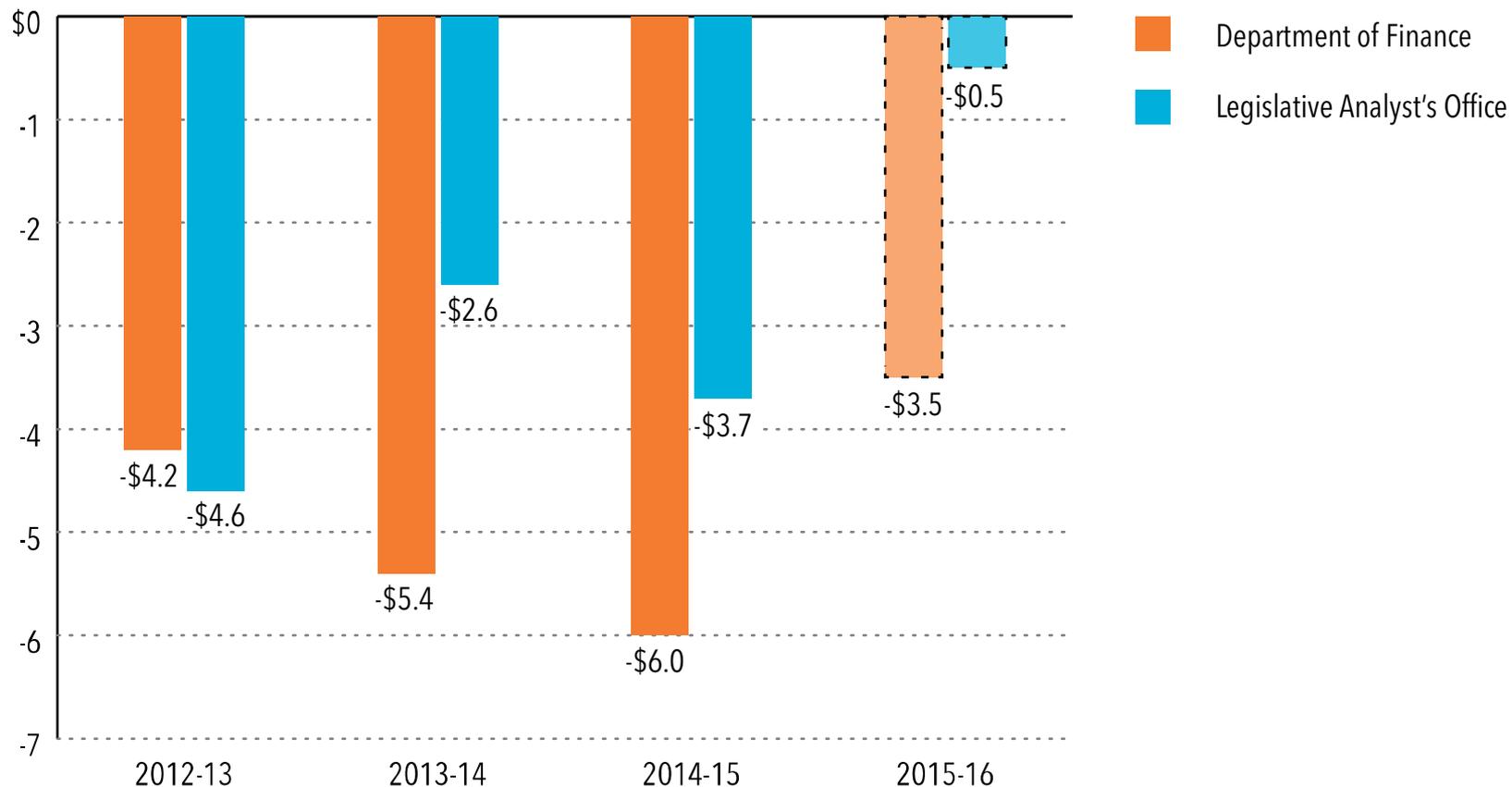


# Issues to Watch During the 2016-17 Budget Debate



# The Governor Has Underestimated General Fund Revenues by Billions in Each of the Past Four Years

Gap Between Fiscal Year Revenues Projected Each Preceding May and Actual, in Billions



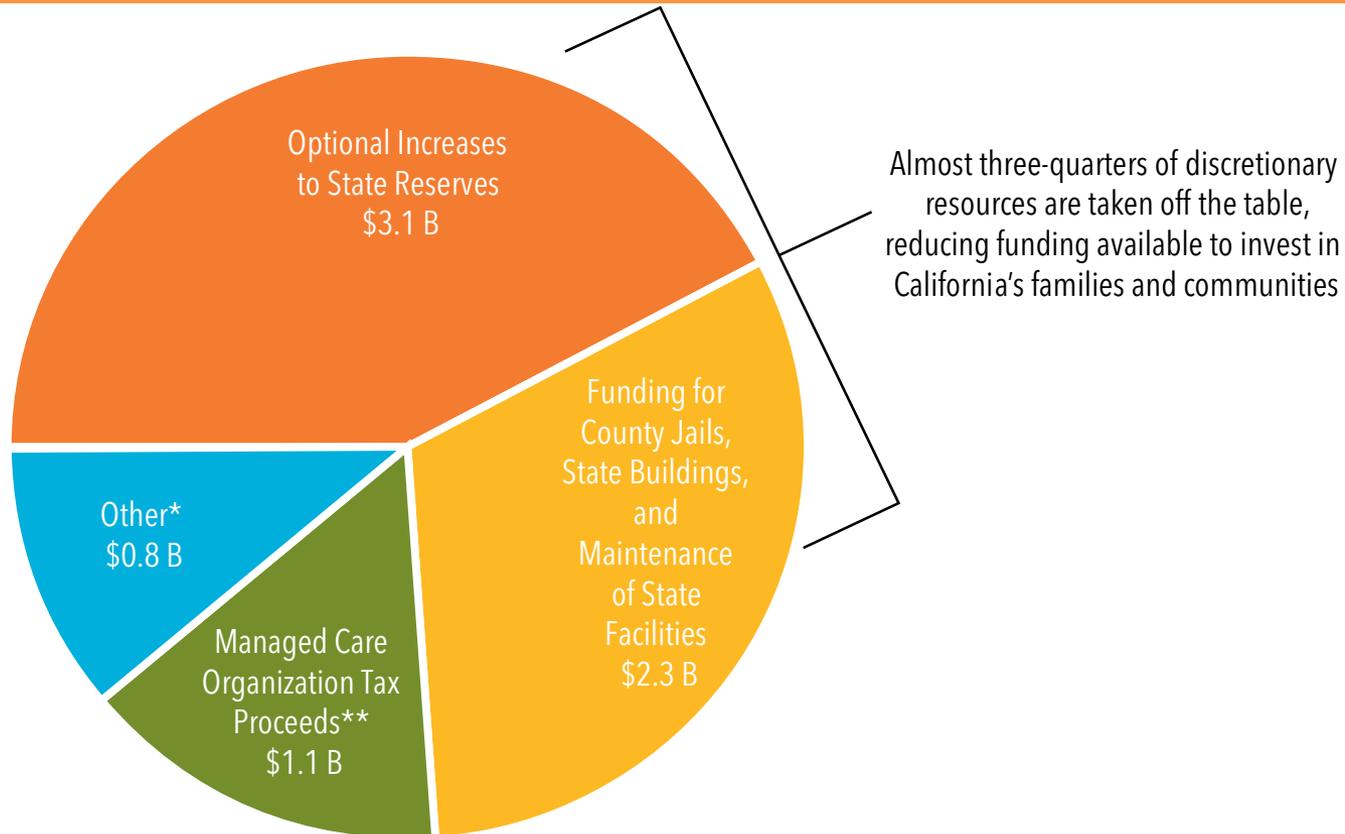
Note: 2015-16 projections are compared against the latest estimate of 2015-16 revenues from the Department of Finance because actual revenues will not be available until early 2017.

Source: Department of Finance and Legislative Analyst's Office



# Governor's Proposed Budget Misses Opportunity to Make Critical Investments in Families and Communities

## Governor's Allocation of \$7.3 Billion in Discretionary General Fund Resources in 2016-17



\* Includes funds set aside for state worker salary increases, as well as increases for the CSU and UC, California Department of Corrections and Rehabilitation, courts, SSI/SSP grants, and the Department of Developmental Services.

\*\* Considered discretionary because these proceeds are not proposed for any particular purpose.

Note: Excludes constitutionally required spending, reserves, and debt payments; added costs to maintain existing policies; and some smaller spending proposals.

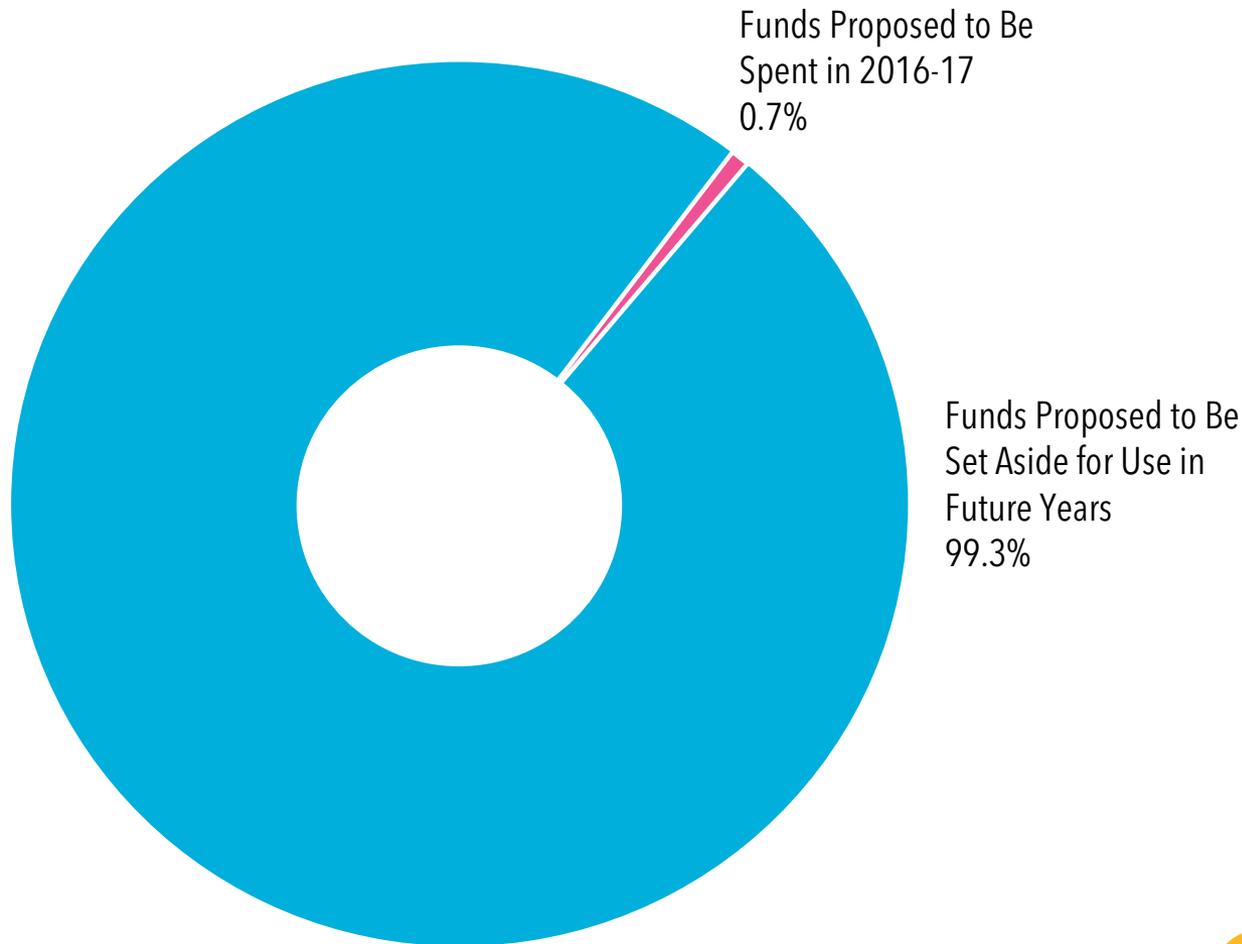
Source: Legislative Analyst's Office



# Just a Fraction of the Dollars Proposed for State Buildings Projects Would Be Used in 2016-17

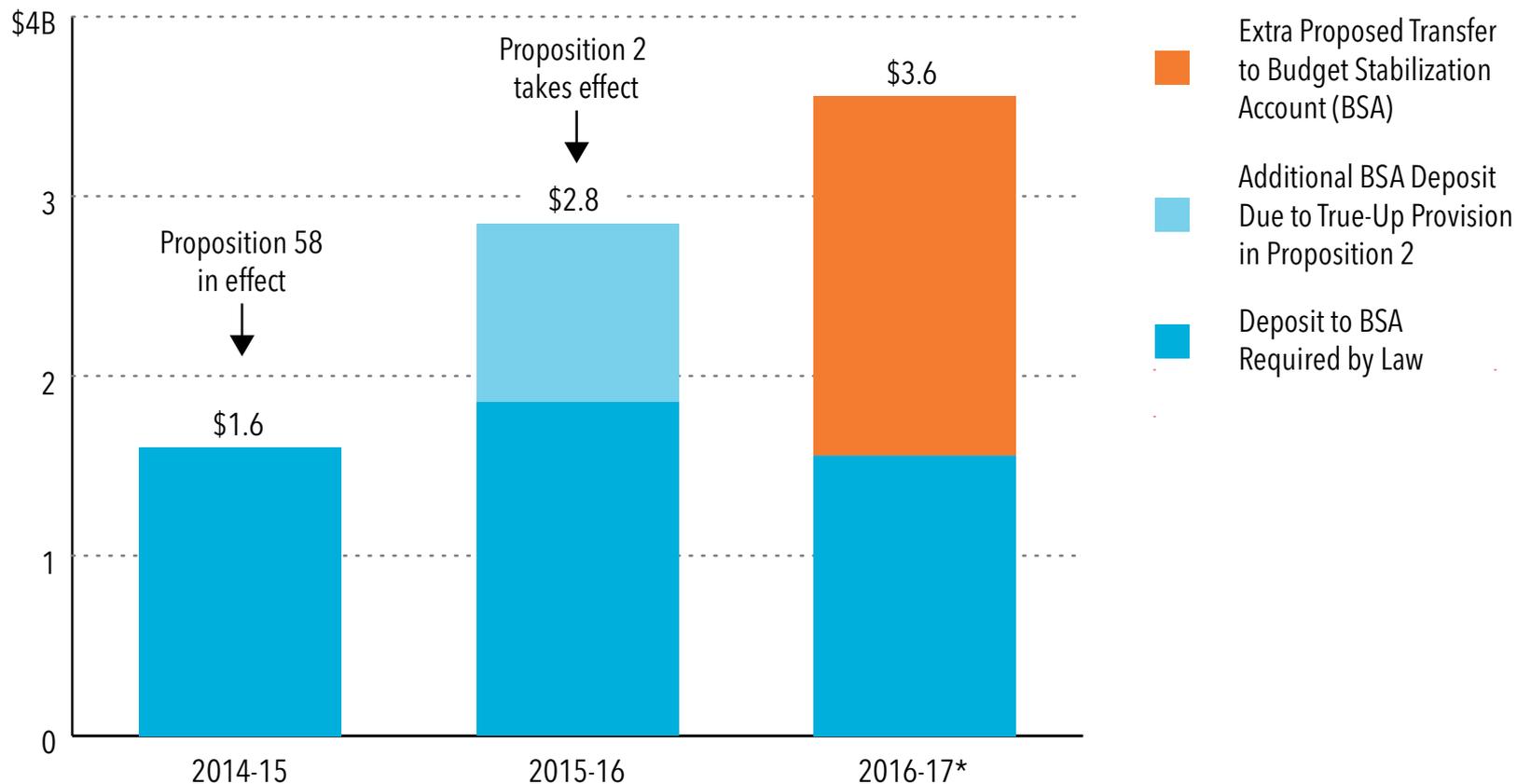
General Fund Revenues Set Aside in 2016-17 Under the Governor's Proposal = \$1.5 Billion

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# Proposed 2016-17 Rainy Day Fund Deposit Is Much Higher Than in Previous Years

Governor Proposes an Extra \$2 Billion Deposit Beyond What Proposition 2 Requires



\* Proposed  
Source: Department of Finance

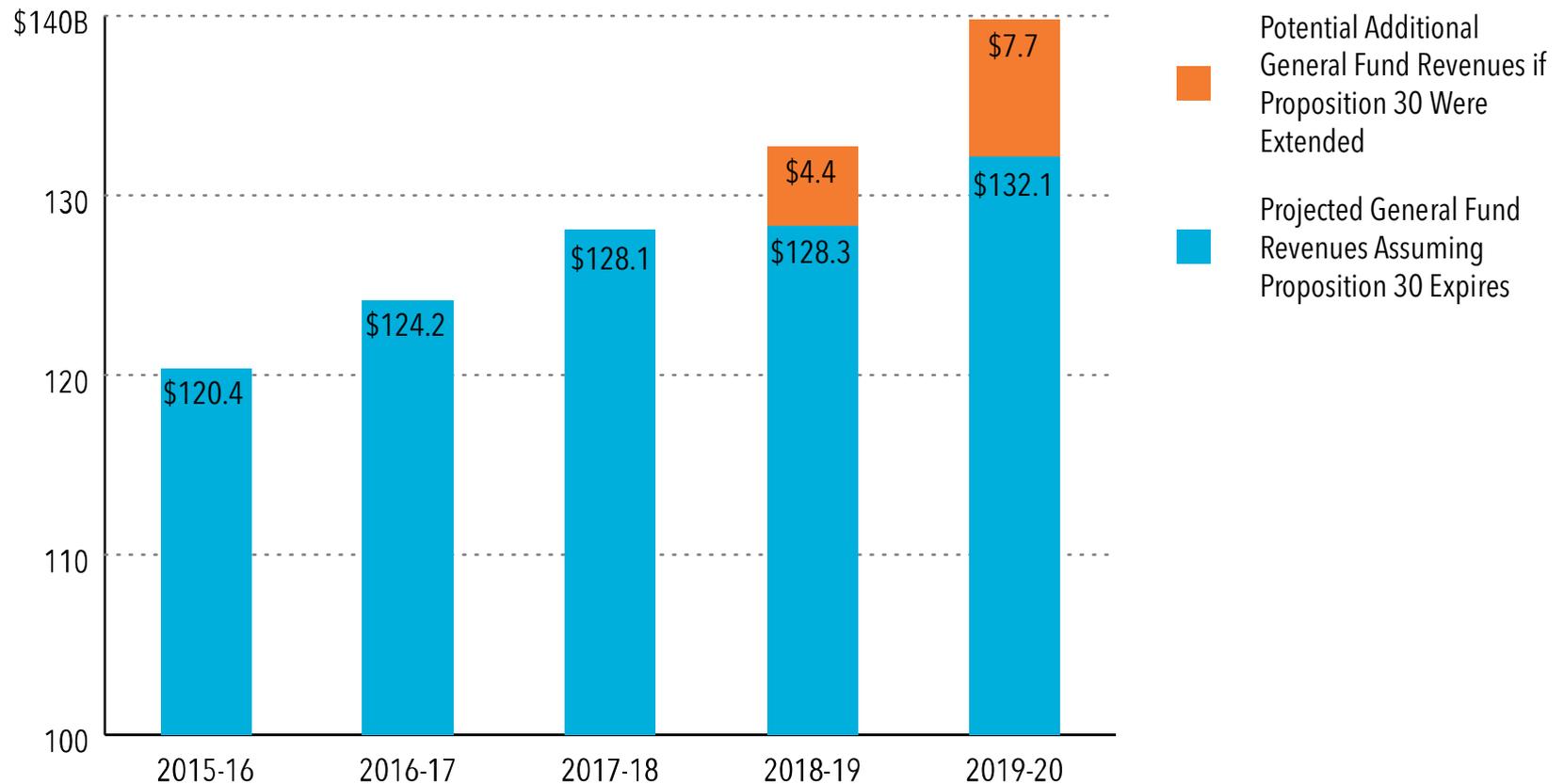


# Looking Beyond 2016-17: Proposition 30's Temporary Tax Increases Are Set to Expire



# Expiration of Proposition 30's Personal Income Tax Rate Increases Would Leave Permanent Gap in State Revenues

General Fund Revenues Before Transfers to the Budget Stabilization Account, in Billions

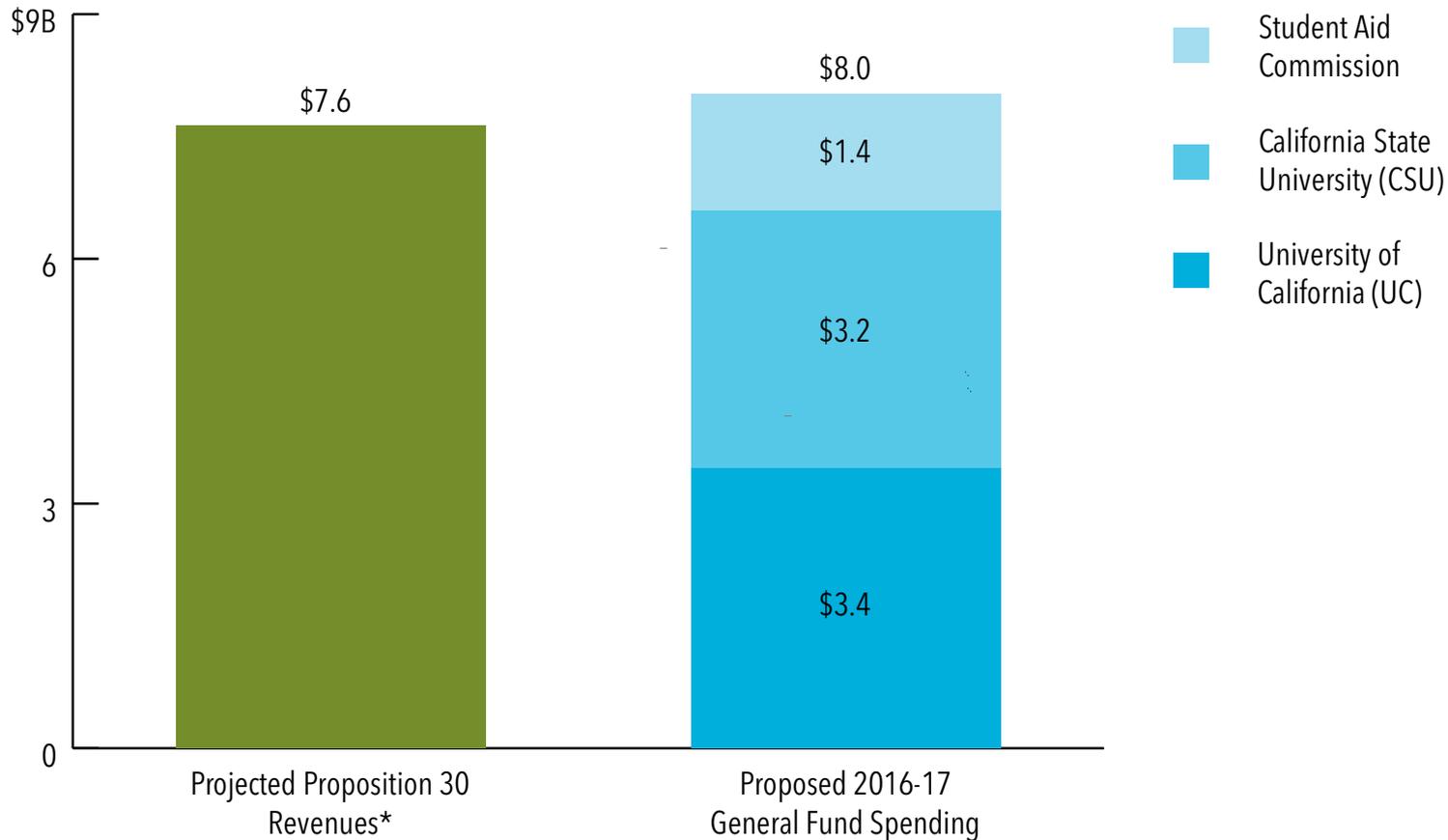


Note: 2015-16 is estimated; 2016-17 onward are projected. Additional revenues for 2018-19 and 2019-20 assume that personal income tax (PIT) revenue growth under an extended Prop. 30 would reflect the Administration's projected underlying PIT growth rate absent Prop. 30 taxes.  
Source: Department of Finance (DOF) and Budget Center calculations based on DOF and Legislative Analyst's Office data



# Proposition 30 Will Raise \$7.6 Billion in 2016-17, Nearly Equal to CSU, UC, and Student Aid Commission Funding

Dollars in Billions



\*Legislative Analyst's Office projection as of November 2015.  
Source: Department of Finance and Legislative Analyst's Office





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