



California Budget  
& Policy Center

*Independent Analysis. Shared Prosperity.*

# California Budget Perspective 2015-16

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

**In recent years, budget cuts have weakened key services and supports that help ensure that economic prosperity is broadly shared.**



# Overview

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- California's fiscal outlook is improving due to economic growth and new revenues approved by voters in 2012.
- But, the economic recovery has yet to reach many Californians.
- Even with increased revenues, the Governor's proposed budget prioritizes fiscal austerity.
- While the Governor's proposed budget includes long-term plans for paying down budgetary debt and saving for a rainy day, it lacks a similar vision for reinvesting in people, and communities.



# **The Social and Economic Context of the State Budget**

**Despite five years of sustained economic growth the recovery remains uneven and elusive for many Californians.**



# The Governor's Proposed 2015-16 Budget

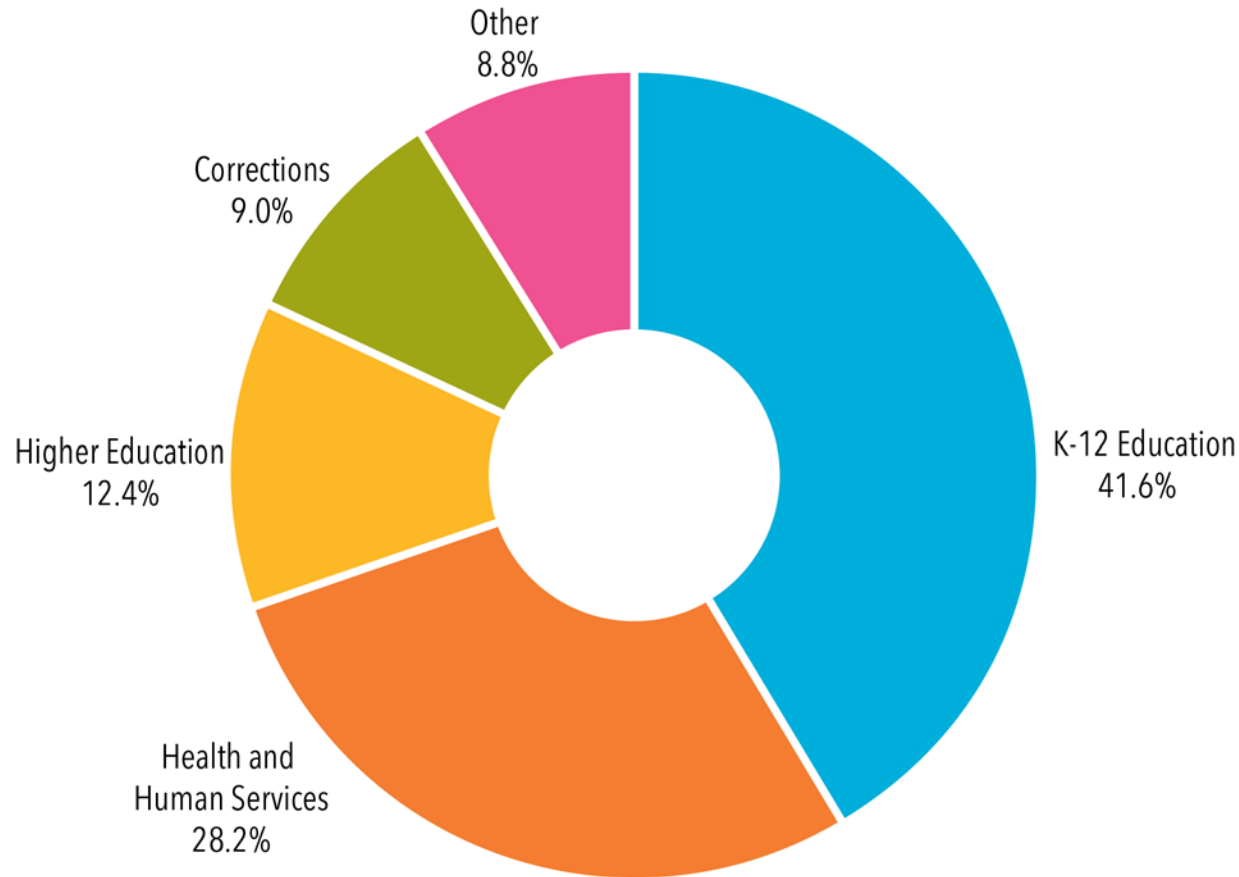
**New revenues would result in increased spending on education, paying down budgetary debt, and saving for a rainy day.**



# More Than Four in Five State General Fund Dollars Support Education or Health and Human Services

Proposed 2015-16 General Fund Expenditures = \$113.3 Billion

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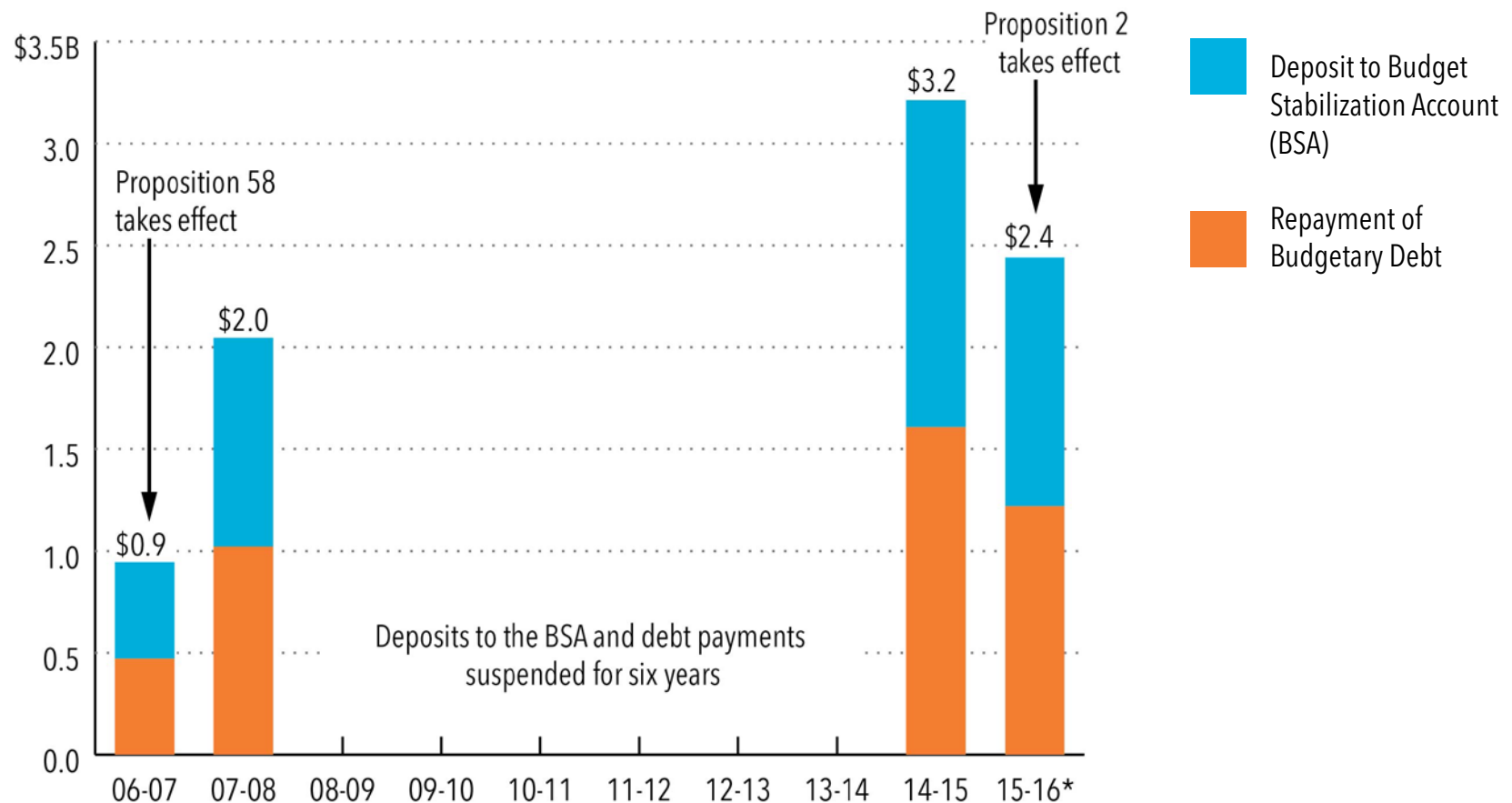
# **Proposition 2: Paying Down Budgetary Debt and Saving for a Rainy Day**

**Voter approval of Proposition 2 (2014) would  
require setting aside \$2.4 billion in 2015-16.**



# After Being Suspended for Six Years, Required Rainy Day Fund Deposits and Debt Payments Resumed in 2014-15

Dollars in Billions



\* 2015-16 proposed.

Note: In 2007-08, state policymakers withdrew the entire \$1.5 billion balance in the BSA to help close a state budget shortfall.

Source: Department of Finance





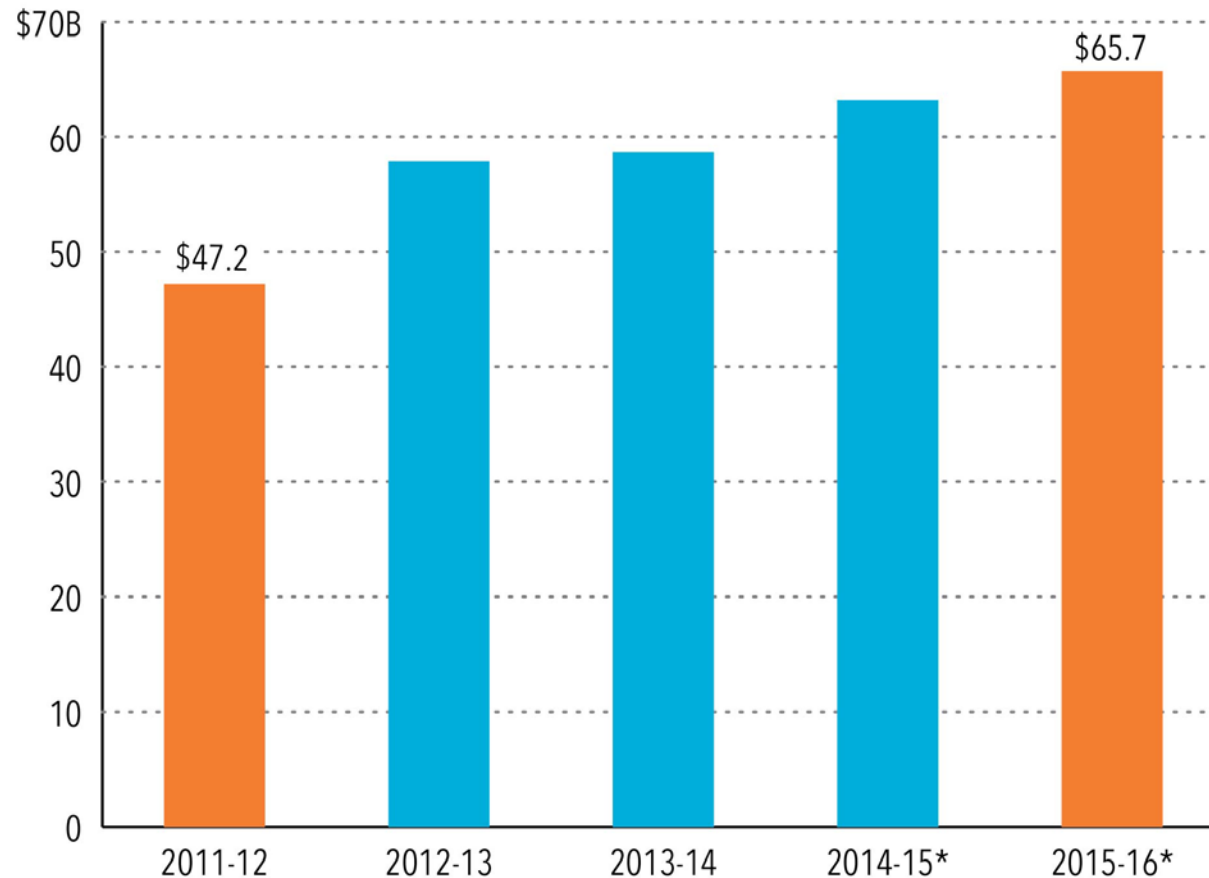
# K-12 Education and California's Community Colleges

**New revenues would result in increased spending per student, paying down debt, and workforce investments.**



# Due to Higher State Revenues, the Minimum Funding Guarantee for K-14 Education Would Increase in 2015-16

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



\* 2014-15 estimated and 2015-16 proposed.

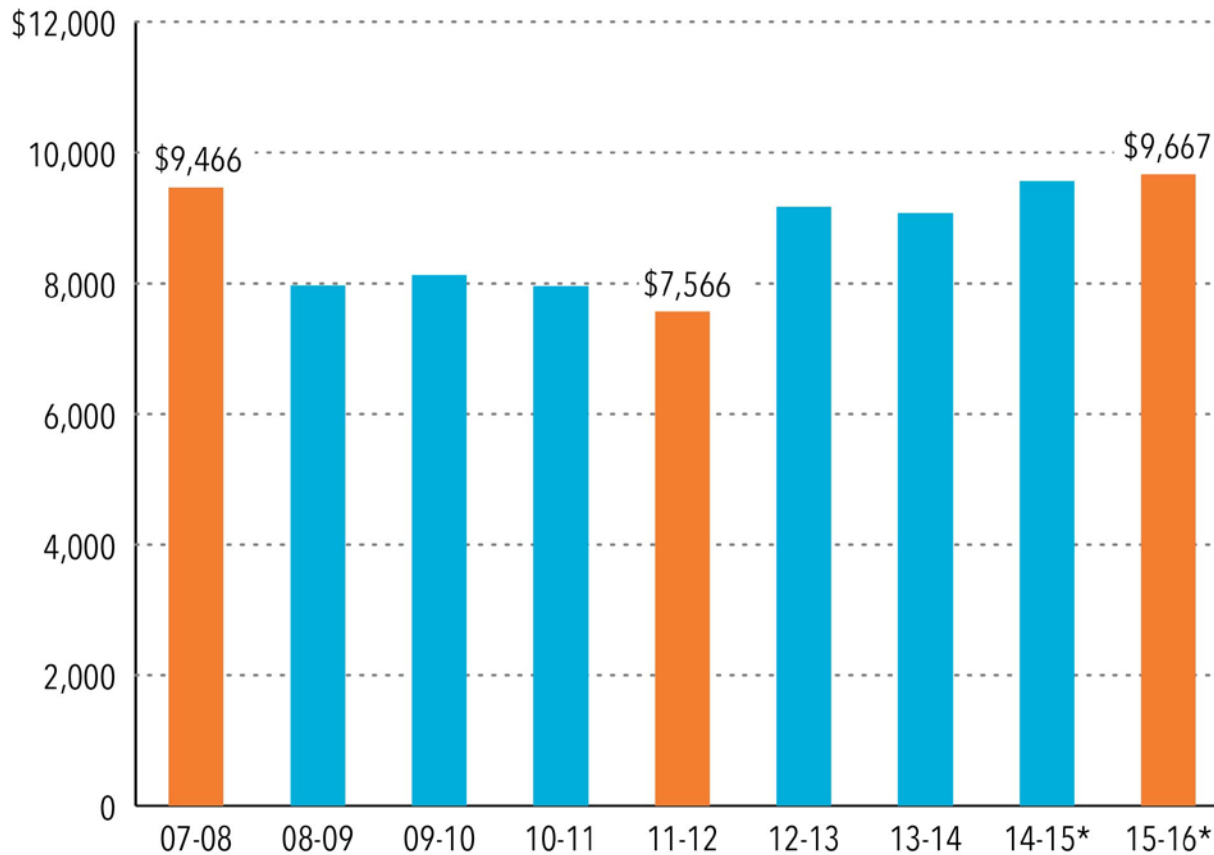
Note: Figures are in 2015-16 dollars. Figures exclude child care and include preschool spending. Proposition 98 spending reflects both state General Fund and local property tax dollars.

Source: Legislative Analyst's Office



# Due to Higher State Revenues, 2015-16 Spending Per K-12 Student Would Increase to Just Above 2007-08

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



\* 2014-15 estimated and 2015-16 proposed.

Note: Figures are in 2015-16 dollars. Figures exclude child care and include preschool spending. Proposition 98 spending reflects both state General Fund and local property tax dollars.

Source: Legislative Analyst's Office



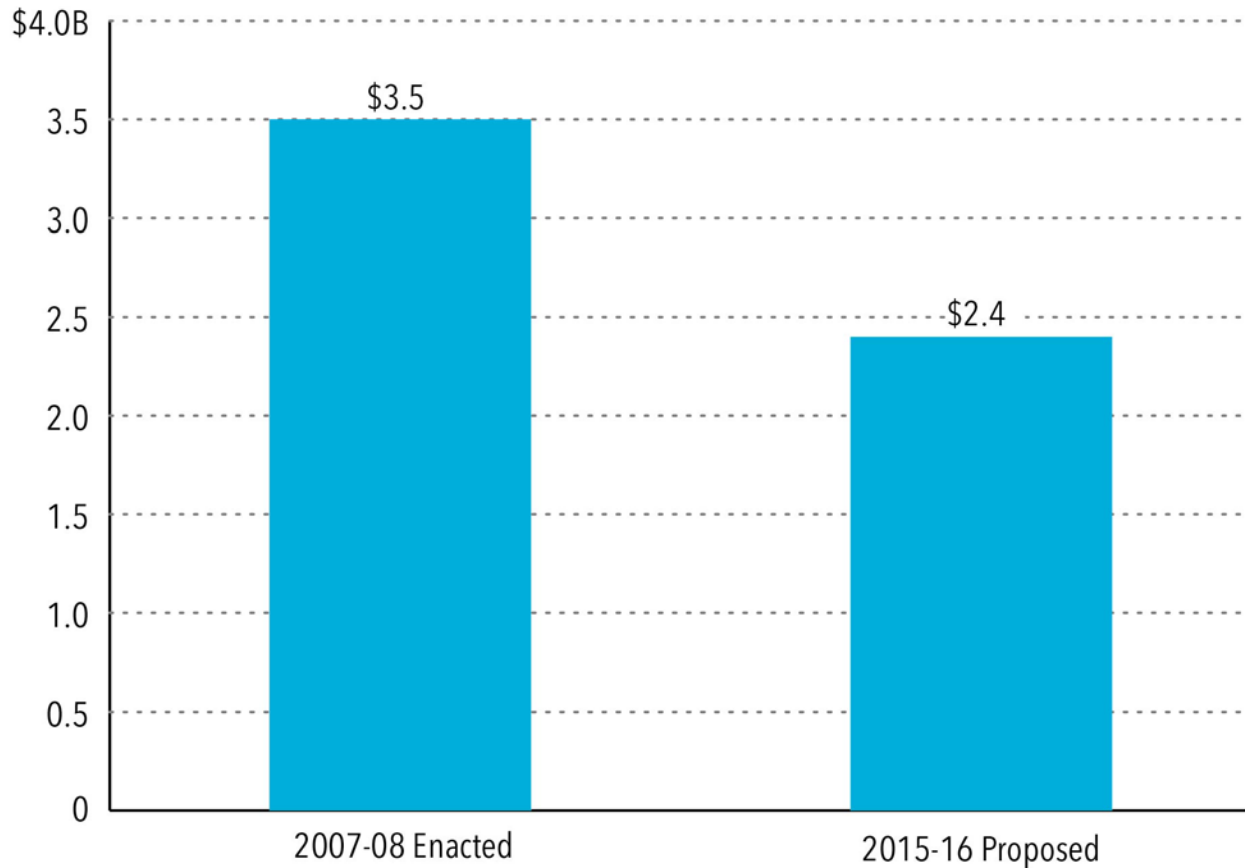
# Early Education: Child Care and Preschool

**Proposed spending and the number of slots remain below pre-recession levels.**



# Support for Child Care and Preschool Is \$1.1 Billion Below 2007-08, Even With the Recent Increase in Funding

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



Note: Figures are in 2015-16 dollars and include federal and state funds. Child care includes CalWORKs and non-CalWORKs programs.

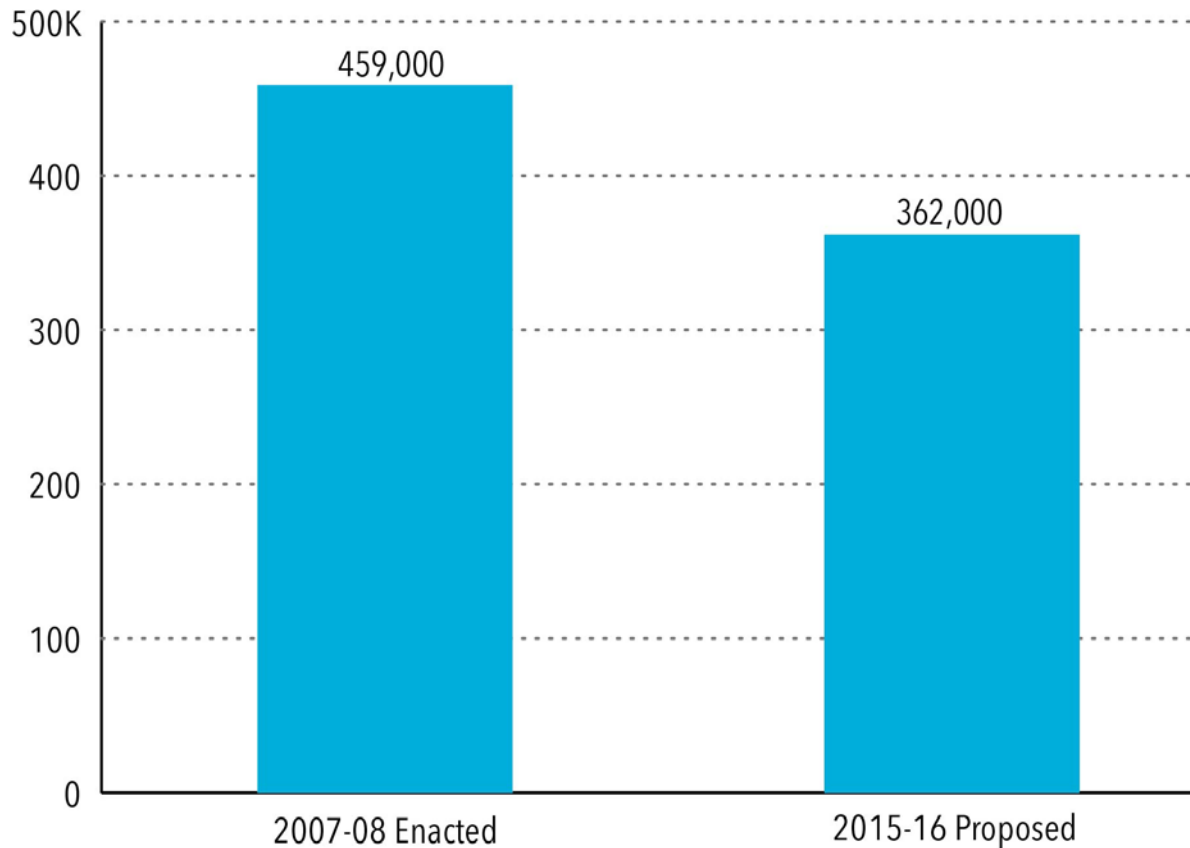
Source: Department of Finance



# State Budget Cuts Have Reduced Child Care and Preschool Slots by More Than One-Fifth Since 2007-08

## Slots in California Funded With Federal and/or State Dollars

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Note: Child care includes CalWORKs and non-CalWORKs programs. A portion of the drop since 2007-08, roughly 3,000 slots, is due to a new methodology for calculating funded slots in several small child care programs.

Source: Department of Finance



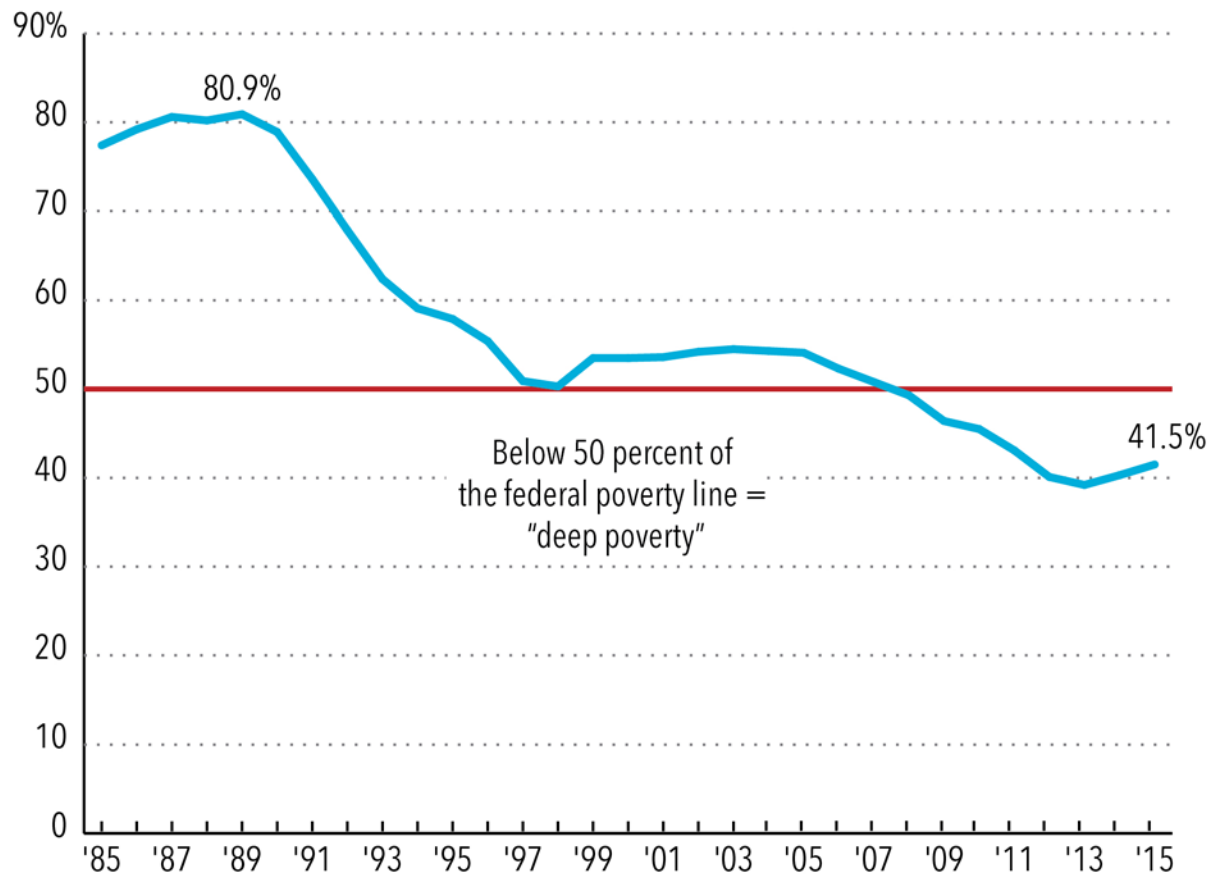
# Human Services

**A lack of reinvestment leaves the state's safety net severely weakened by years of funding cuts.**



# Under the Governor's Proposal, CalWORKs Grants Would Remain Far Below the Deep-Poverty Threshold

Annualized Maximum Grant for a Family of Three as a Percentage of the Federal Poverty Line



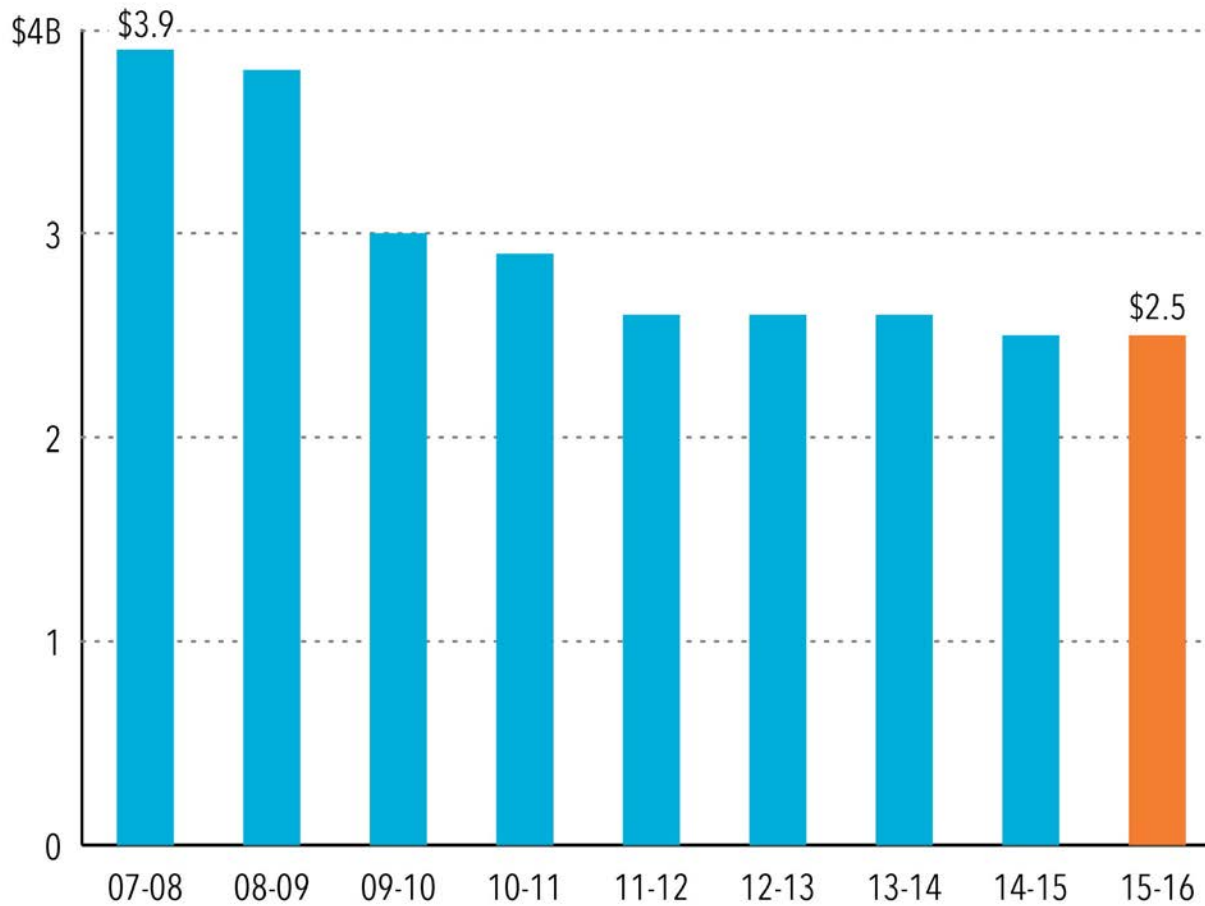
Note: Grants are for high-cost counties beginning in 1996. Prior to 1998, grants were provided through the Aid to Families with Dependent Children Program. The 2015 grant reflects a 5% increase scheduled for April 2015.  
Source: CBP analysis of Department of Social Services, US Department of Health and Human Services, and US Social Security Administration data





# Due to Budget Cuts, State Spending for SSI/SSP Grants Is More Than One-Third Below the 2007-08 Level

General Fund Expenditures in Billions, Inflation-Adjusted



Note: Figures are in 2015-16 dollars. All figures are estimates except for 2015-16, which is proposed.

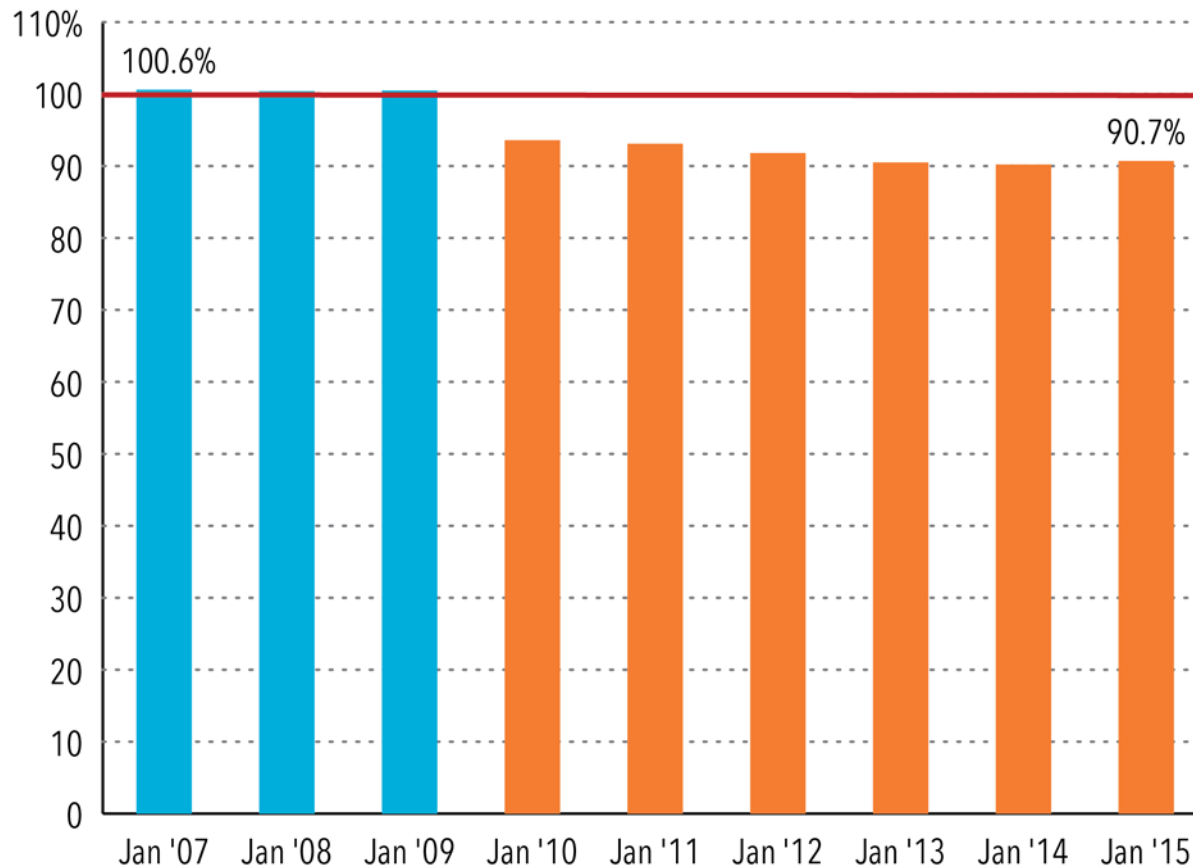
Source: Department of Social Services



# SSI/SSP Grants for Individuals No Longer Lift Seniors and People With Disabilities Out of Poverty

## Maximum Monthly Grant for Individuals as a Percentage of the Federal Poverty Line

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Source: Department of Social Services and US Department of Health and Human Services



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