

## Annual Cost Per Participant Varies Widely Among Major Programs

1995-96

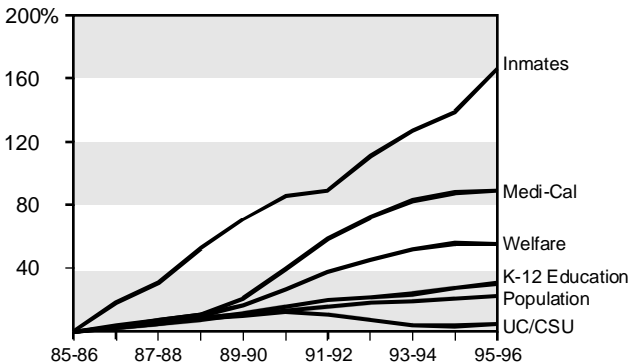
	Number of Participants (In Millions)	Average Cost per Participant	
		General Fund	Total Government
<b>Corrections—inmates and wards</b>			
Prison	0.1	\$21,900	\$21,900
Youth Authority	0.01	31,000	31,000
<b>Education—students<sup>a</sup></b>			
K-12	5.3	\$2,900	\$4,500
LC	0.2	12,500	12,500
CSU	0.2	6,500	6,500
Community Colleges	0.9	1,500	3,000
<b>Health and Welfare—beneficiaries</b>			
Medi-Cal	5.5	\$1,094	\$2,599
AFDC	26	992	2,050
SSI/SSP	1.0	1,868	5,331

<sup>a</sup> Does not include federal funds or lottery funds.

- Youth Authority wards and prison inmates have the highest cost, but are the least numerous. For example, the cost to maintain a ward is about \$31,000, while spending per K-12 student in the public schools is about \$4,500. However, prison inmates and Youth Authority wards number less than 160,000, while there are 5.3 million K-12 students.
- The costs shown are averages. The range of individual costs is especially large in the Medi-Cal program. On average, each Medi-Cal beneficiary costs \$2,599, but nursing home patients cost about \$27,600 annually.

## Prison Population Is Growing Much Faster Than Other Caseloads

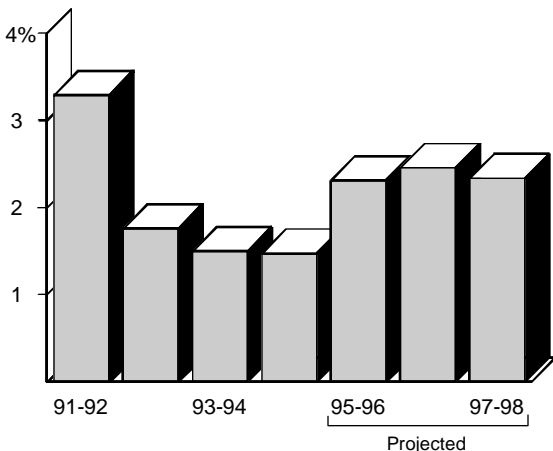
*Percent Growth Since 1985-86*



- The number of prison inmates has grown much more rapidly than any other group, in part due to mandatory and longer sentences.
- Health and welfare caseloads grew rapidly from 1989-90 through 1993-94. The economic recession, federal Medi-Cal eligibility expansions, and additional immigrant-related caseloads (such as increased AFDC participation by citizen-children of immigrants who were newly legalized under the 1986 federal IRCA law) contributed to this rapid growth, which has leveled off recently.
- Enrollment at UC and CSU declined in the early 1990s and now is less than 5 percent above what enrollment was ten years ago.

## K-12 Enrollment Growth Rates Increasing

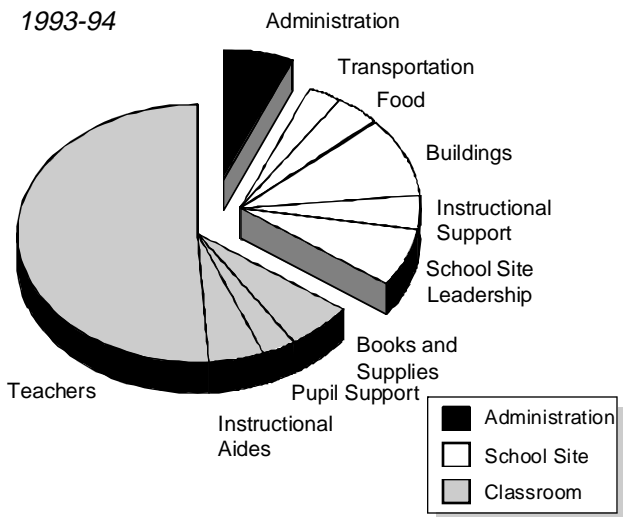
*Percent Growth*



- K-12 enrollment in the current year is estimated to increase between 2 percent to 2.5 percent, in contrast to the 1995 Budget Act estimate of 1.5 percent. A 2 percent increase would bring total K-12 enrollment to 5.3 million in 1995-96.
- Growth rates in each of the next two years are expected to remain above 2 percent, in contrast to the last three years experience of rates significantly less than 2 percent.
- Each one percent increase in K-12 enrollment requires an increase of approximately \$235 million to maintain K-12 expenditures per pupil.

## The Average Costs of a California School

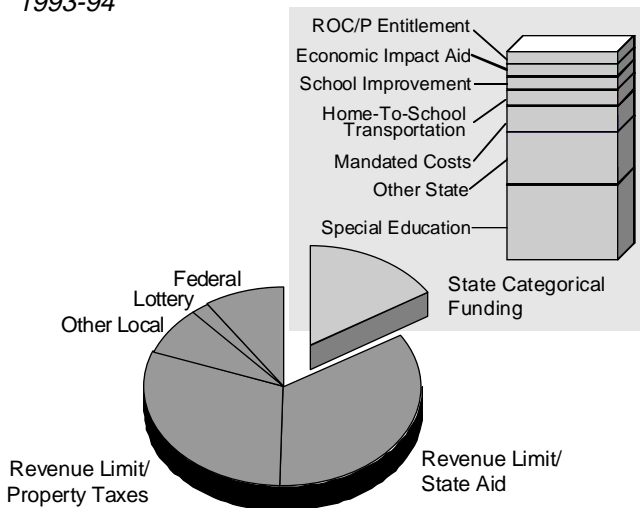
1993-94



- The costs of services delivered in the classroom account for about two-thirds of K-12 costs. The cost of teachers comprise half of the average cost of a school. Instructional aides, pupil support personnel (counselors, psychologists, nurses) and books, supplies, and equipment account for an additional 14 percent of school costs.
- School site costs comprise 29 percent of school spending. These costs consist of school site leadership (principals, vice principals, and clerical support), building maintenance, instructional support, and other expenses.
- Administration, which consists of district administration and county and state oversight, accounts for 6 percent of the cost of an average school.

## K-12 School Revenue

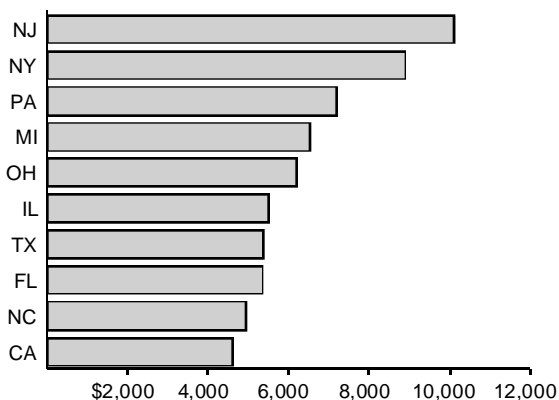
1993-94



- The state provided half of all school revenues in 1993-94, while local government sources contributed 38 percent. The remaining revenues came from the federal government (9 percent) and the state lottery (2 percent).
- School revenue limits—supported by both state funds and local property taxes—provide the resources for basic school programs. These funds account for almost two-thirds of all revenues.
- The state also provides funds for specific educational needs—such as special education and transportation. These “categorical” funds constituted 16 percent of all school revenues.

## K-12 Expenditures Per Pupil Lowest Among Ten Largest States

*Expenditures Per Pupil*  
1993-94



- California's expenditures per pupil in 1993-94 was the lowest among the ten largest states. Ten years ago, California ranked seventh, spending more than Ohio, Texas, and North Carolina.
- Among all states, California ranked 40th in 1993-94 in current expenditures per pupil. Ten years ago California ranked 26th among all states.

## Higher Education Enrollments Have Declined; May Now Be Stabilizing

	1994-95 Enrollment <sup>a</sup> (Estimate)	Average Annual Growth Rate	
		1985-86 Through 1991-92	1991-92 Through 1994-95
Community colleges	882,432	NA <sup>b</sup>	-2.4%
California State University (CSU)	247,113	1.5%	-3.0
University of California (UC)	152,050	2.2	-0.9

<sup>a</sup> Enrollment figures are full-time equivalents (FTEs).

<sup>b</sup> Not available.

- From 1991-92 through 1994-95, higher education enrollments declined on average each year by 3 percent for CSU, 2.4 percent for the community colleges, and 0.9 percent for UC. The total decline of 94,000 students is the equivalent of about five large campuses.
- The declines were probably due to several factors, including course section reductions, fee increases, declines in the economy, institutional actions to limit enrollment, and a reduction in the college-age population.
- Preliminary information for 1995-96 indicates that student enrollments may be stabilizing. This, too, is probably due to several factors, including moderate state funding increases, stable undergraduate fee levels, improvements in the economy, and (for the CSU) legislative direction to increase enrollment.

## Recent Fee Increases Have Been Moderate Except for Professional School Students

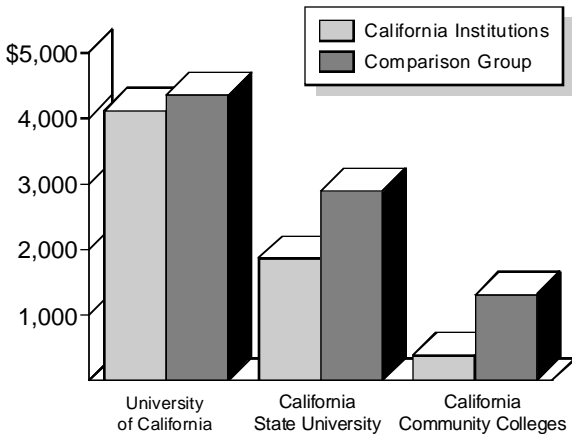
	Annual Student Fee			Percent Change 1993-94 to 1995-96
	1993-94	1994-95	1995-96	
<b>University of California</b>				
Undergraduate/graduate	\$3,454	\$3,799	\$3,799	10.0%
Law <sup>a</sup>	3,830	6,175	8,175	113.4
Business <sup>a</sup>	3,454	5,799	7,799	125.8
Medicine <sup>a</sup>	3,830	6,175	7,175	87.3
Dentistry/Veterinary Medicine <sup>a</sup>	3,454	5,799	6,799	96.8
<b>California State University</b>	1,440	1,584	1,584	10.0
<b>California Community Colleges</b>	390	390	390	—

<sup>a</sup> Fees charged to new students.

- For the first time in almost a decade, there were no undergraduate fee increases at UC and CSU in 1995-96. Community college fees also remained stable for most students and actually declined (beginning January 1996) for students who have already earned a Bachelor's degree.
- Fees for UC professional school students have increased significantly since 1993-94, in line with legislative intent to increase these fees over the next several years to the average of fees charged at comparable public universities.



## California's Resident Fees Are Low Compared to Other Public Institutions

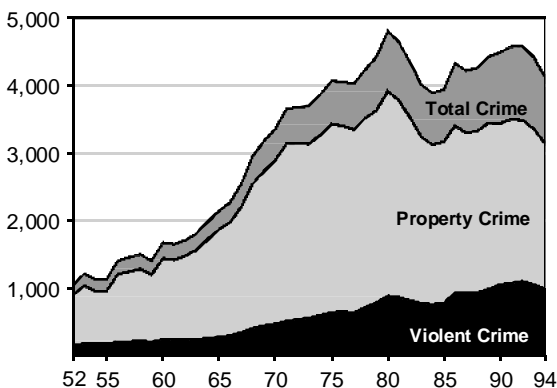


■ Compared to similar institutions in other states, California's resident undergraduate fees (systemwide and campus-based) in 1994-95 were:

- \$241 lower at the UC.
- \$1,046 lower at the CSU.
- \$924 lower at the community colleges.

## Crime Rate Peaked in California in 1980

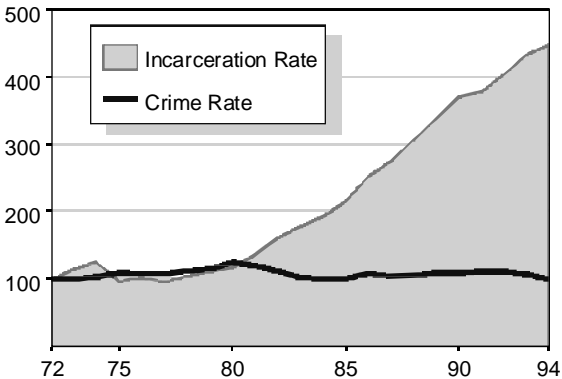
*Rate per 100,000 Population*



- California's crime rate, as measured by the California Crime Index (CCI), has increased about 250 percent since 1952. The state's population increased about 176 percent over the same period.
- The crime rate reached its peak in 1980, declined for four years, and increased slightly in the late 1980s. The rate has declined each year since 1991. Although there are probably many reasons for the decline since the 1980 peak, many researchers consider the aging of the population (particularly the aging of "baby-boomers") as the principal reason.

## Crime Rate Remains Stable Despite Sharp Increase in Imprisonment

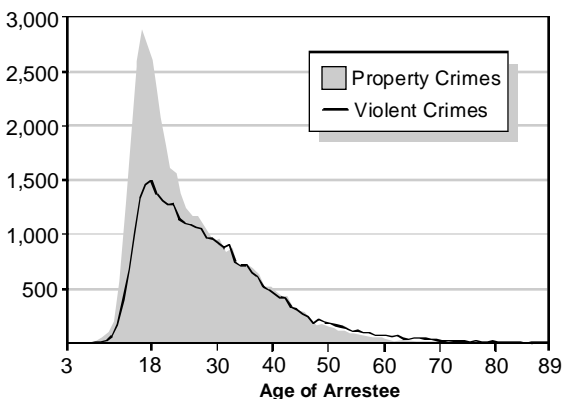
*Crime Rate /Incarceration Rate Indexed to 1972*



- California's incarceration rate has increased almost 350 percent since 1972 while the crime rate has remained relatively flat (the rate in 1994 is essentially the same as 1972).
- Some researchers argue that this situation should be expected because they believe that incarcerating more people for a longer period of time has no impact on the crime rate. Others disagree and argue that the crime rate would have increased significantly if the rate of imprisonment had not increased so significantly.

## Felony Arrests Highest Among Juveniles

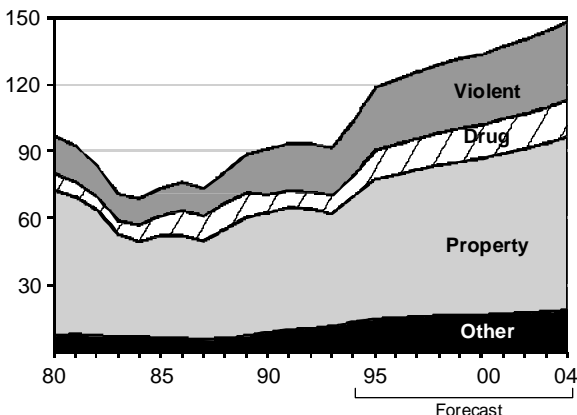
Rate per 100,000 age-eligible population  
1993



- Felony arrest rates for juveniles are consistently higher than those for adults.
- The felony arrest rate peaks at age 16 for property crime and age 18 for violent crime.
- Although juveniles have a higher arrest *rate* than adults, juveniles account for a smaller proportion of *total* arrests than do adults (16 percent versus 84 percent). (Data not shown in figure.)
- While juveniles (age 11 to 17) account for 16 percent of the arrests in California in 1993, they made up only 9.3 percent of the state's total population.

## Juvenile Felony Arrests Likely to Increase Significantly

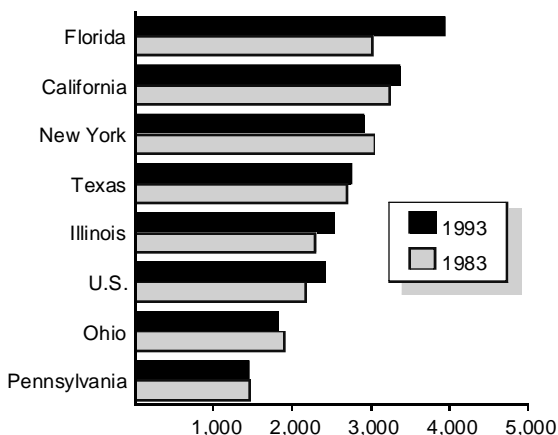
Number of Arrests (In Thousands)



- Based on juvenile arrest rates for the past five years and projected increases in the juvenile population as a whole, we project that the *number* of juvenile arrests in California will increase by more than 29 percent by 2004, even if arrest *rates* stay the same.
- This assumes that California's population of 11 through 17 year olds grows from 2.9 million in 1993 to 3.9 million in 2004.
- Our estimate projects the *number* of arrests there will be over time. If the arrest *rate* increases in the future, as it has in recent years, there would be even more arrests.

## California's Crime Rate Higher Than Many Large States

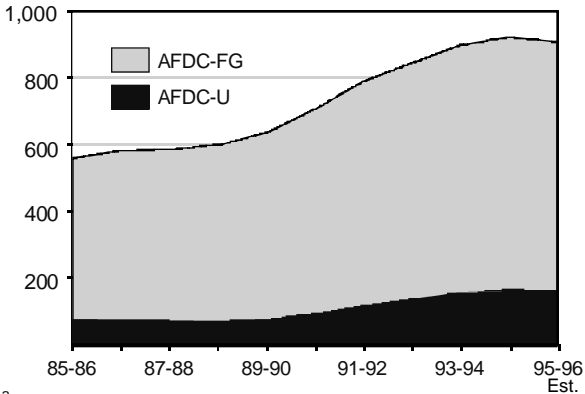
*Rate per 100,000 Population*



- California's 1993 crime rate is higher than the nation's rate and is the second highest among the large states.
- Florida's 1993 rate was the highest among the large states and was about 17 percent higher than California's rate. California's rate was about 39 percent higher than the rate for the other 49 states and the District of Columbia.
- California's crime rate rose about 4 percent from 1983 to 1993, as compared to an 11 percent increase for the rest of the country. The greatest increase over the period occurred in Florida (an increase of about 30 percent) while the greatest decline occurred in New York (a drop of about 5 percent).

## California's AFDC Caseloads Have Started to Decline<sup>a</sup>

*AFDC Cases (In Thousands)*



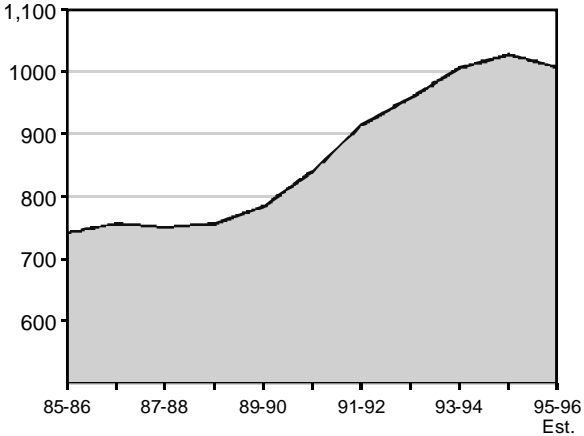
<sup>a</sup> Aid to Families with Dependent Children (AFDC cases) excludes foster care cases.

- Since peaking above 11 percent in the early 1990s, annual caseload growth has moderated to 2.5 percent in 1994-95, and caseloads have actually been declining since April 1995.
- The downturn in welfare caseloads is due to several factors, including lower birth rates for young women, an improving economy with lower unemployment, and a decline in legal immigration to California.



## Dependence on AFDC Has Started to Decline

### *Dependency Rate*

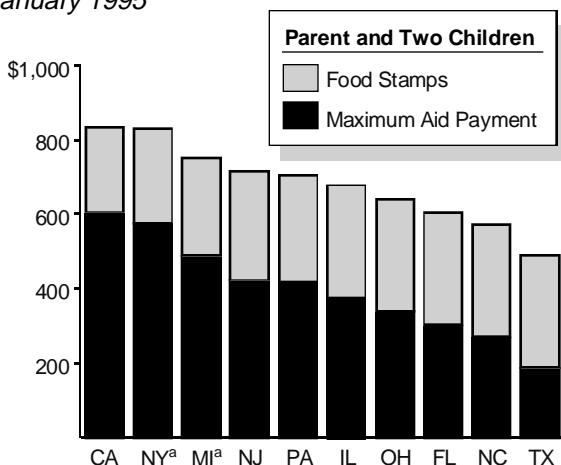


- The dependency rate is the number of AFDC (Family Group) cases per 10,000 women age 15 through 44. Thus, the graph “controls” for the effect of population changes on the caseload.
- The dependency rate remained constant between 1985-86 and 1988-89, suggesting that population increase (women of childbearing age) was the dominant factor in explaining caseload growth during this period.
- The dependency rate increased sharply in the early 1990s, suggesting that societal changes (for example, changes in the number of unwed mothers) have played a more important role in determining welfare caseloads. More recently, the dependency rate has moderated and is projected to decline in 1995-96.



## California's AFDC Grants Highest Among the Ten Largest States

January 1995

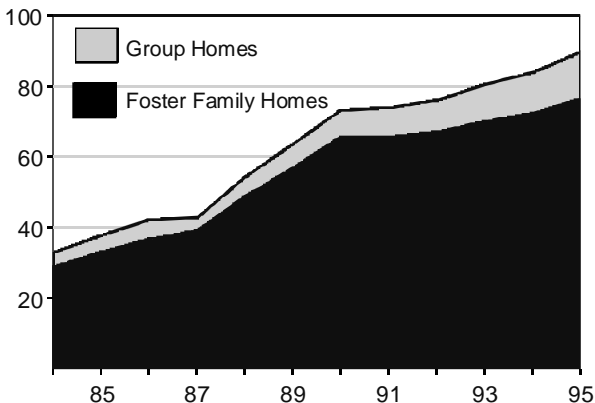


<sup>a</sup> These states have regional grants. Amount shown is for major population center.

- Of the ten largest states, California provided the highest maximum AFDC grant as of January 1995. Amounts shown are for a family of three under the program's family group component—generally single parents with children—which includes most recipients.
- AFDC recipients also receive federal food stamp benefits, which decline as the grant amount increases.
- For 1995-96, the California Legislature reduced grants by 4.9 percent on a statewide basis and by an additional 4.9 percent in 41 low-cost counties. (Data on 1995-96 grant levels in other states were not available at the time this report was published.)

## Foster Care Caseloads Increasing

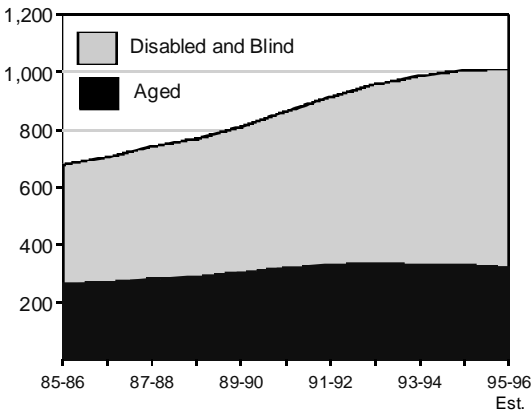
(In Thousands)



- Foster care caseloads have increased from about 33,000 in June 1984 to 90,000 in June 1995, representing a 170 percent increase. The average annual increase was 10 percent.
- The sharp increase during the late 1980s and the slowdown since 1991 correspond to trends in the number of reports of child abuse/neglect received during the same period. The reduced caseload growth since 1991 also may be partly due to an increase in the counties' share of AFDC-Foster Care costs, which gave counties a greater incentive to contain expenditures.
- The proportion of children placed in group homes was about 12 percent in June 1984 and 15 percent in June 1995.

## Disabled Recipients Are Largest and Fastest Growing Segment of the SSI/SSP Caseload

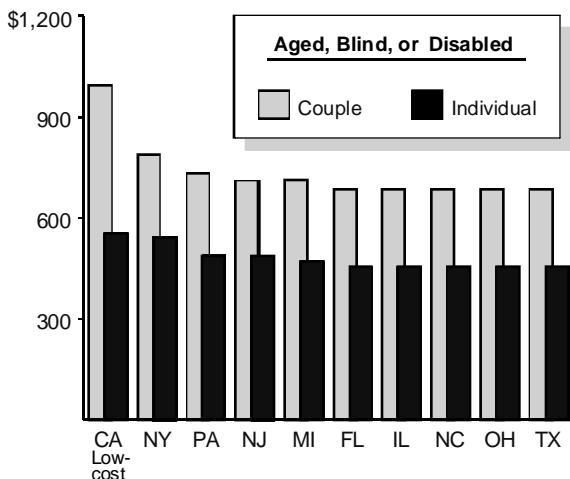
*SSI/SSP Cases (In Thousands)*



- The SSI/SSP program provides cash assistance to low income persons who are elderly, disabled, or blind.
- Major factors explaining the growth in the SSI/SSP disabled caseload:
  - Increase in AIDS-related disabilities.
  - Federal expansion of eligibility.
  - Increased life expectancy for disabled persons.
  - Federal and state outreach programs.

## California's SSI/SSP Grants Highest Among the Ten Largest States

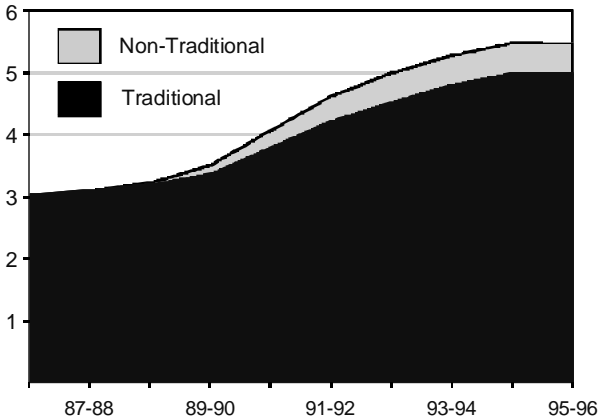
November 1995



- For 1995-96, the California Legislature reduced grants by 4.9 percent on a statewide basis and by an additional 4.9 percent in 41 low-cost counties. Federal legislation is required to implement these reductions.
- In the low-cost counties, California's SSI/SSP grant levels are 2 percent larger for individuals and 26 percent higher for couples than those in the state with the second highest grants (New York).
- Of the ten largest states, five do not provide a standard state supplemental grant. In those states eligible persons receive only the federal SSI amount of \$458 for individuals and \$687 for couples.

## Growth in Medi-Cal Cases Slowing Down

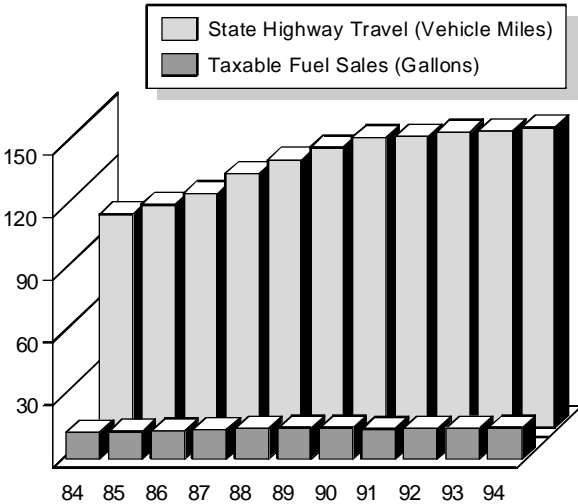
*Number of Eligibles (In Millions)*



- Currently, the Medi-Cal program serves a significantly higher proportion of California's population than was the case at any point in the 1980s.
- Medi-Cal caseloads grew rapidly in the early 1990s, due, in part, to federal and state decisions to expand Medi-Cal coverage to "nontraditional" eligibles—primarily newly legalized and undocumented persons, children, and pregnant women—but the overall growth rate began to slow down in 1994-95.
- About one in six Californians, or 5.5 million persons, will be eligible for Medi-Cal in 1995-96.

## State Highway Travel Has Increased; Fuel Consumption Remains Stable

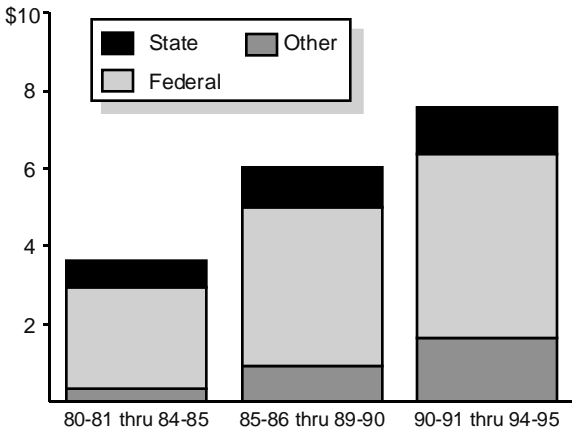
(In Billions)



- Californians continue to drive more each year, yet they are not using correspondingly more gasoline and other motor fuels because vehicles are more fuel efficient.
- Taxes on gasoline and other motor fuels are the major source of revenue for highway construction and maintenance, and for mass transit. With fuel use flat, increasing funds for transportation has required increasing the tax rate per gallon of fuel.

## State Funds Play Small Role in Growth of Highway Capital Outlay

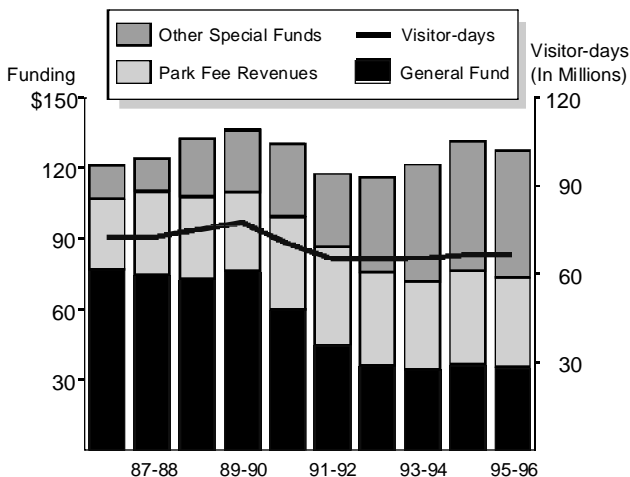
*Constant 1987-88 Dollars (In Billions)*



- In spite of the Proposition 111 increase in state fuel taxes (beginning in 1990), state funds have contributed relatively little to the growth in highway capital outlay expenditures. Most growth has come from federal funds and other funds (primarily locally generated revenues).
- Some projects that are entirely funded by local revenues are not included in Caltrans' capital outlay expenditure data. Therefore, local contributions to capital outlay on the state highway system are actually greater than shown.

## State Parks General Fund Support Has Declined

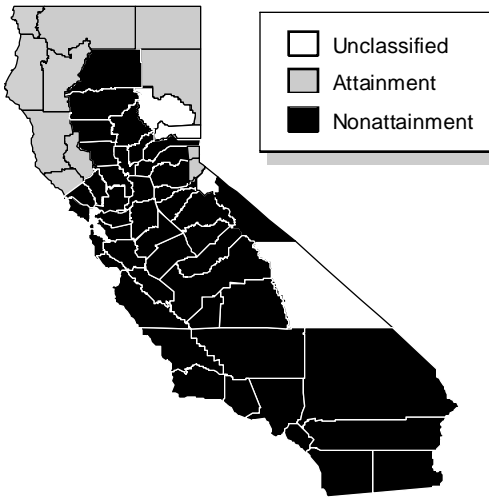
*Constant 1986-87 Dollars (In Millions)*



- General Fund support for state park operations has declined sharply since 1989-90 and has been replaced by support from various special funds. These include the Motor Vehicle Fuel Account, the Off-Highway Vehicle Fund, the Harbors and Watercraft Revolving Fund, and the California Beverage Container Recycling Fund.
- Park fee revenues fluctuate, but have remained relatively stable.
- Projected 1995-96 visitor-days is below the 1986-87 level. The Department of Parks and Recreation attributed reduced visitor-days to weather and the recession.



## Most of State Fails State Ozone Standard



- Statewide emissions of carbon monoxide and pollutants that create ozone (smog) have declined since 1975, despite a 50 percent increase in population and related increases in the number of vehicles and vehicle miles traveled. Such reductions are mainly due to increasingly stringent controls on motor vehicle emissions.
- Statewide emissions of small particulate matter have increased steadily since 1975, reflecting continual increases in road dust emissions from vehicles.
- Despite progress made in reducing emissions, most of the state currently fails to meet the state's air quality standard for ozone-creating pollutants.

## Projected Capital Outlay Needs For the State and K-12 Education

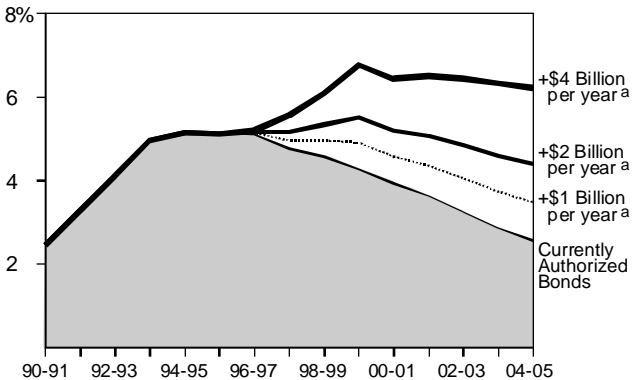
1995-96 Through 1999-00  
(In Billions)

	Five-Year Total <sup>a</sup>
Executive	\$0.1
State/Consumer Services	1.0
Transportation	14.7
Resources	0.7
Health/Welfare	0.4
Youth/Adult Corrections	4.6
K-12 Education	11.0
Higher Education	6.6
General Government	0.3
<b>Total</b>	<b>\$39.4</b>

<sup>a</sup> Based on five-year capital outlay plans prepared by state agencies, except K-12 Education, which is the Legislative Analyst's estimate.

- The state has identified the need for nearly \$40 billion for capital outlay over the next five years.
- The state finances most of its capital outlay programs with bonds. (The exception is transportation, which is funded primarily from state and federal gas taxes.)
- Only about \$1 billion in authorized bonds remain available to address specific capital outlay needs.

## Share of General Fund Revenue Needed for Bond Payments

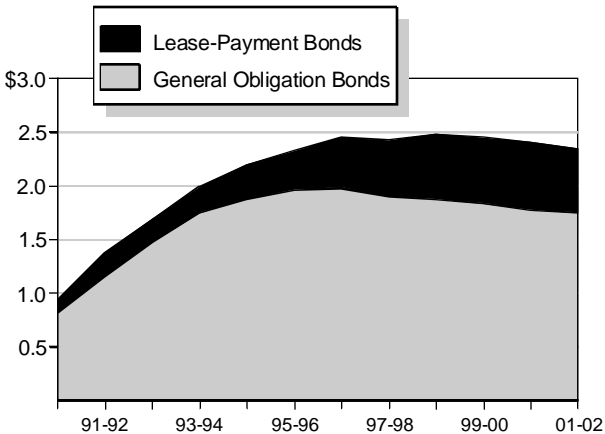


<sup>a</sup> Represents debt ratio if additional annual sales of general obligation bonds occur starting in 1996-97.

- This figure shows estimated costs to pay principal and interest on state bonds as a percentage of projected state General Fund revenues (the state's debt-service ratio).
- The debt-service ratio peaked at 5.2 percent in 1994-95 and will continue to decline if no additional bonds are authorized.
- Issuing \$4 billion annually of additional bonds, starting in 1996-97, would raise the debt-service ratio to a peak of 6.8 percent in 1999-00.

## Lease-Payment Debt Becoming Larger Share of Total Debt<sup>a</sup>

(In Billions)



<sup>a</sup> Figure includes only bonds authorized as of December 1995.

- As additional authorized bonds are sold, and if no new bonds are approved, debt service will peak at \$2.5 billion in 1998-99.
- General obligation bond debt service peaks at \$2.0 billion in 1996-97. Lease-payment bond debt service peaks at \$650 million in 2000-01.
- Lease-payment debt service was 13 percent of total debt service in 1990-91 and will be 25 percent of total debt service in 1998-99.