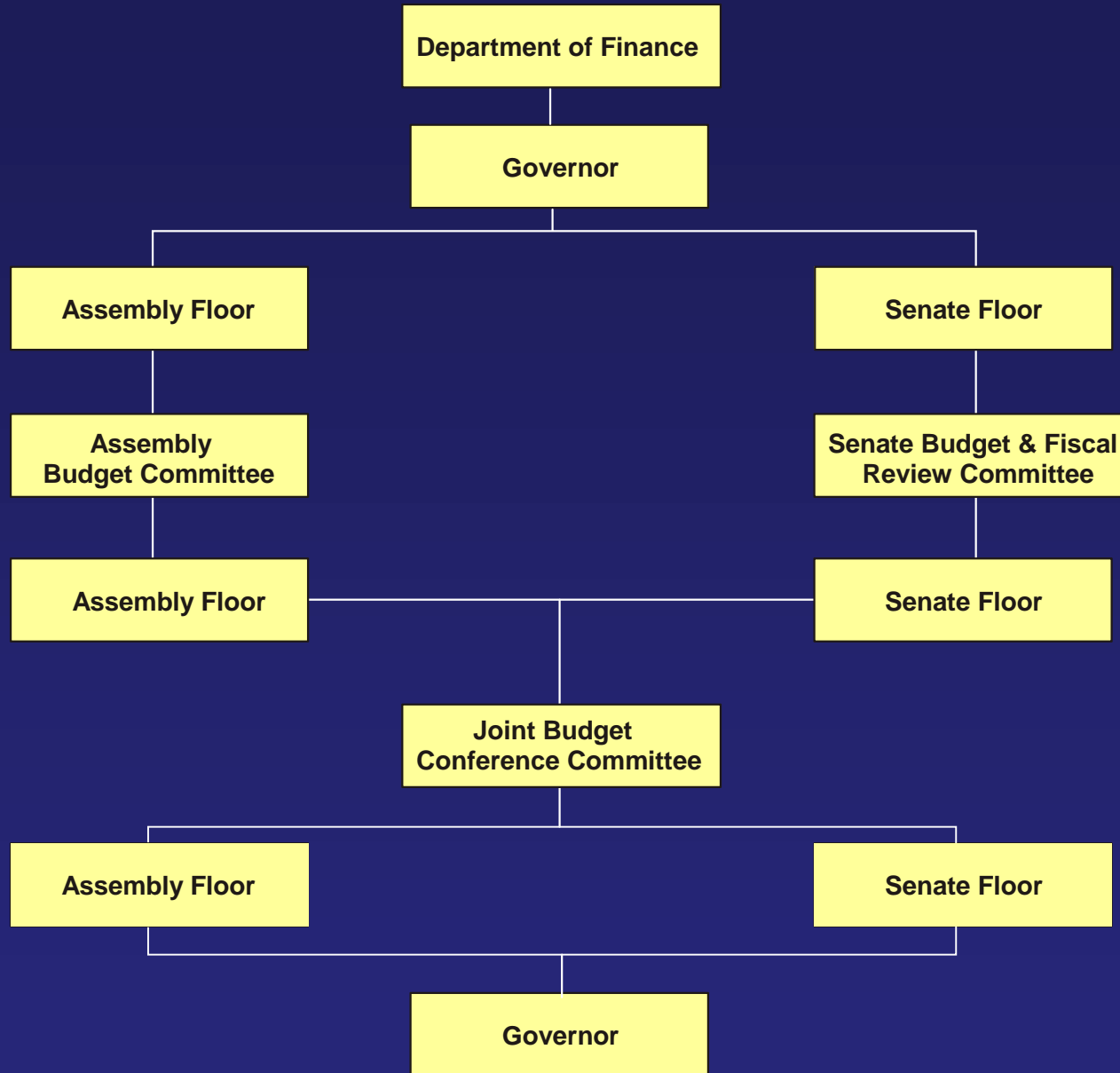


# Budgets, Taxes, and Spending

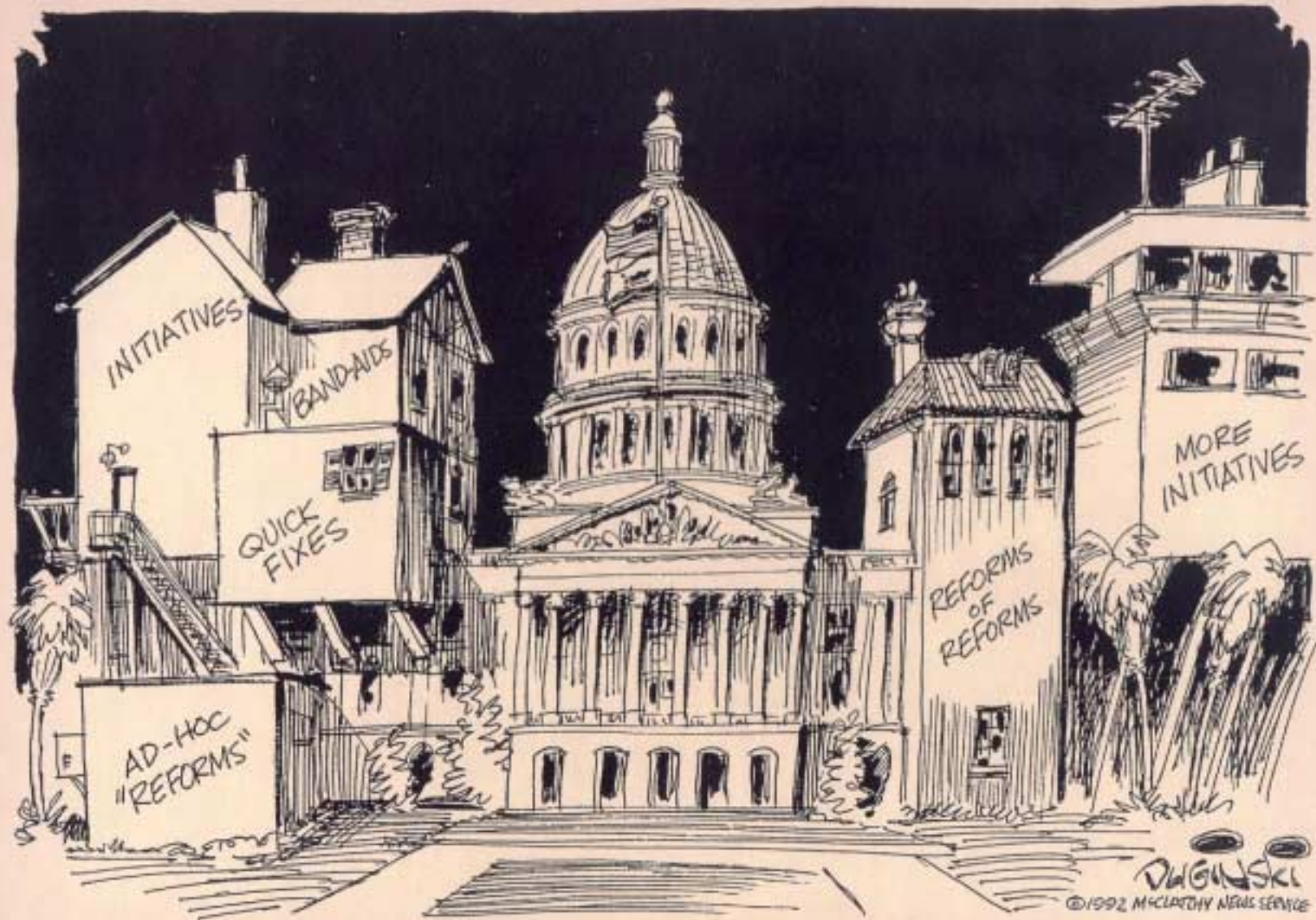


The Promise and  
The Challenge in California





## Civics Model

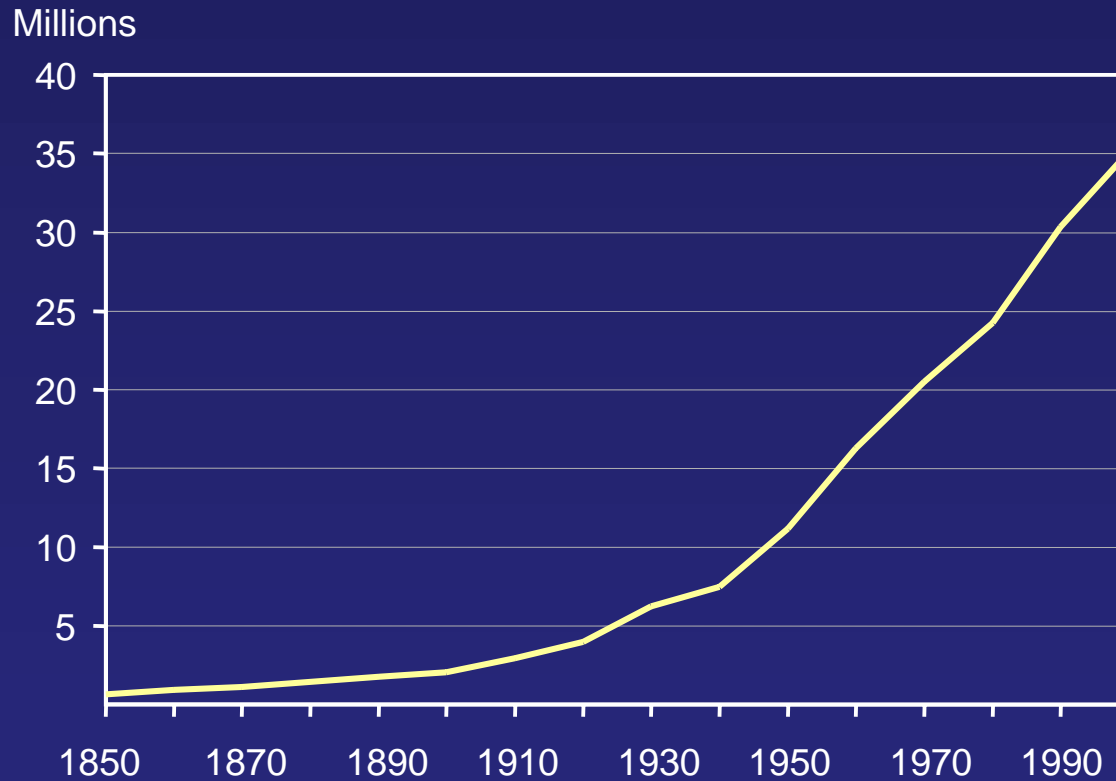


CALIFORNIA'S WINCHESTER MYSTERY GOVERNMENT

# California's Population Has Increased Dramatically Over Time

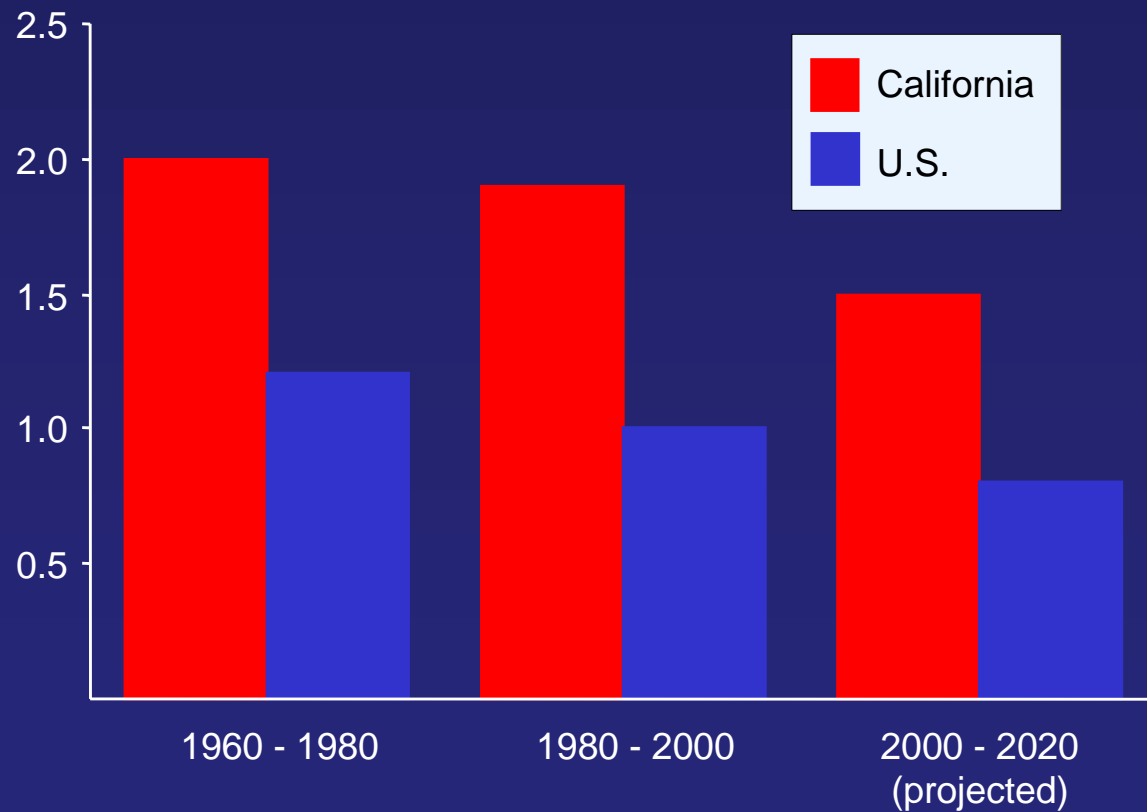
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## California's Civilian Population



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

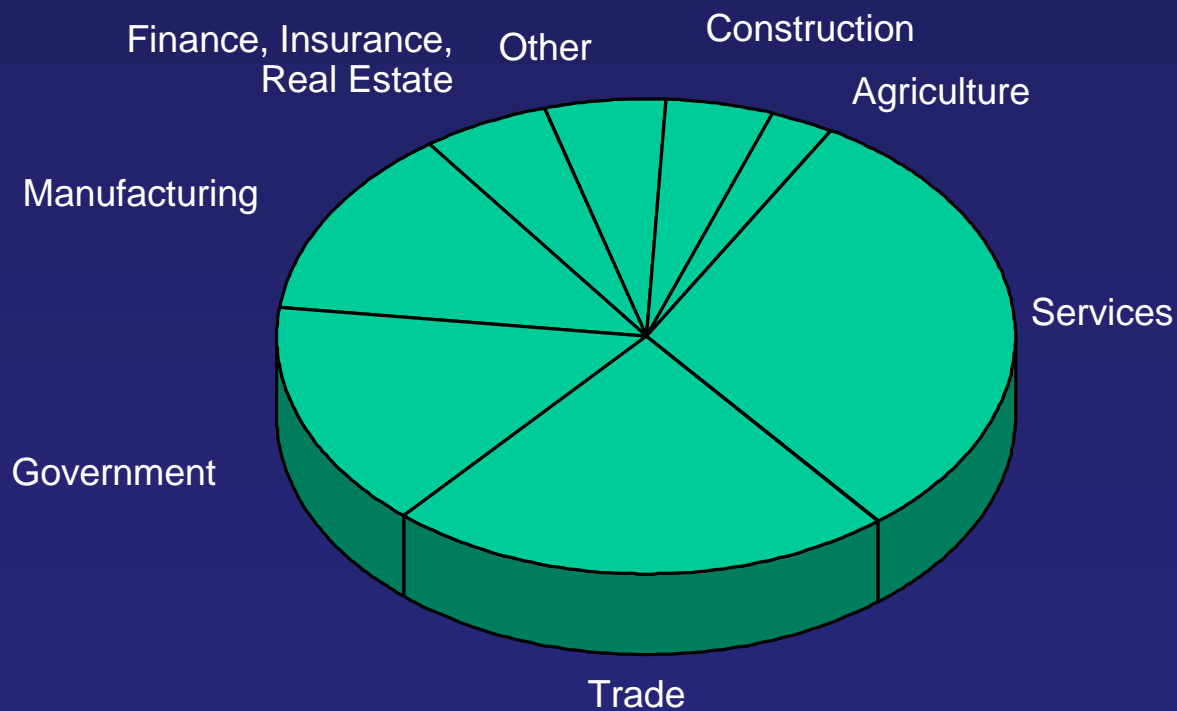
Annual Average Percent Change



# California's Economy Is Highly Diversified

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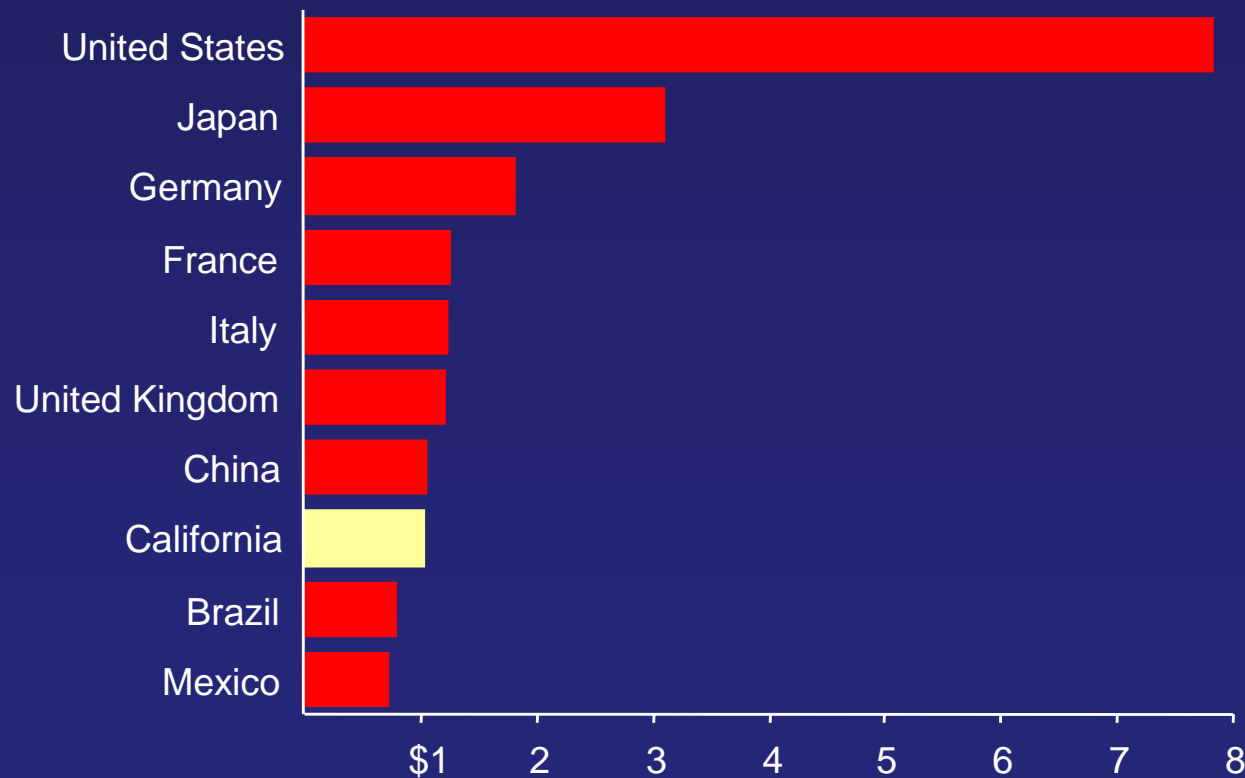
Wage and Salary Jobs in 2000, by Sector



# California Is the World's Eighth Largest Economy

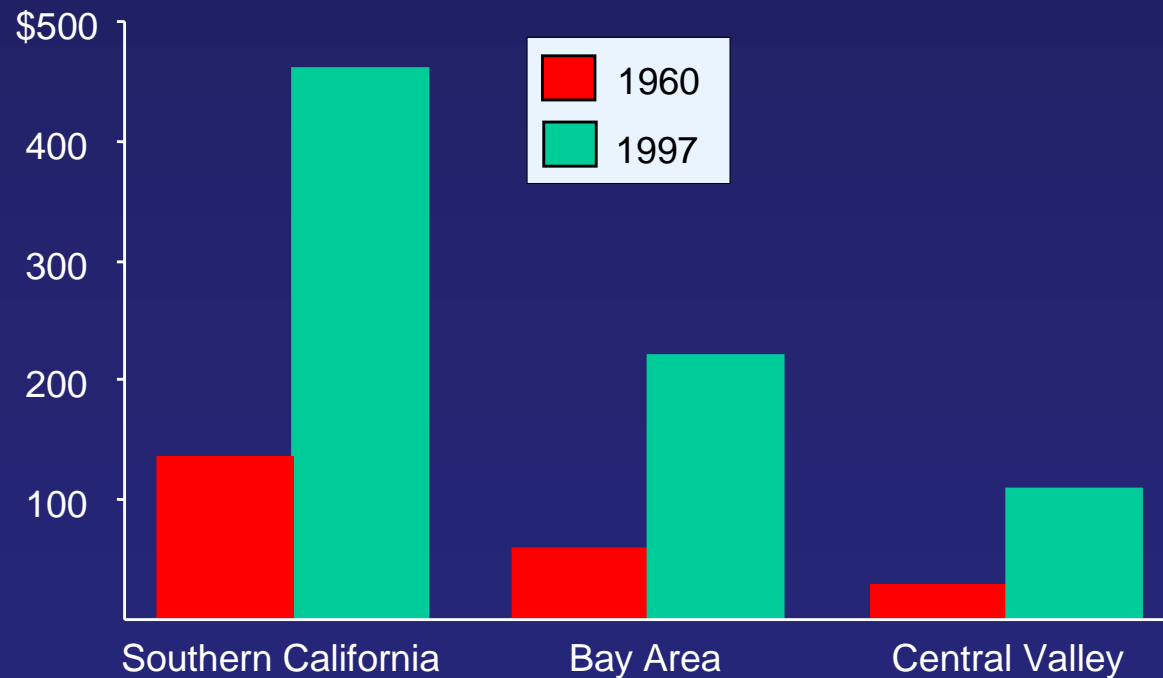
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Gross Product in 1997  
(In Trillions)



# Growth in Personal Income By Major California Economic Region

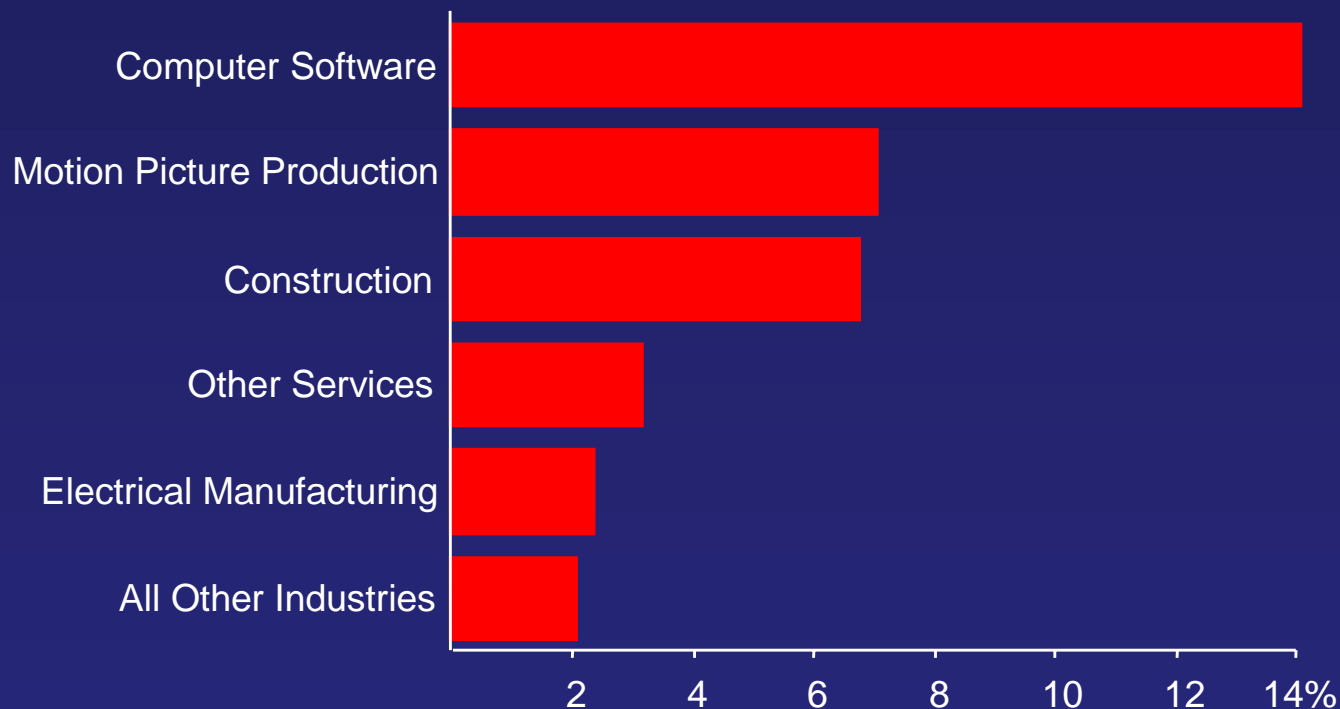
Billions of 1997 Dollars  
1960 Versus 1997





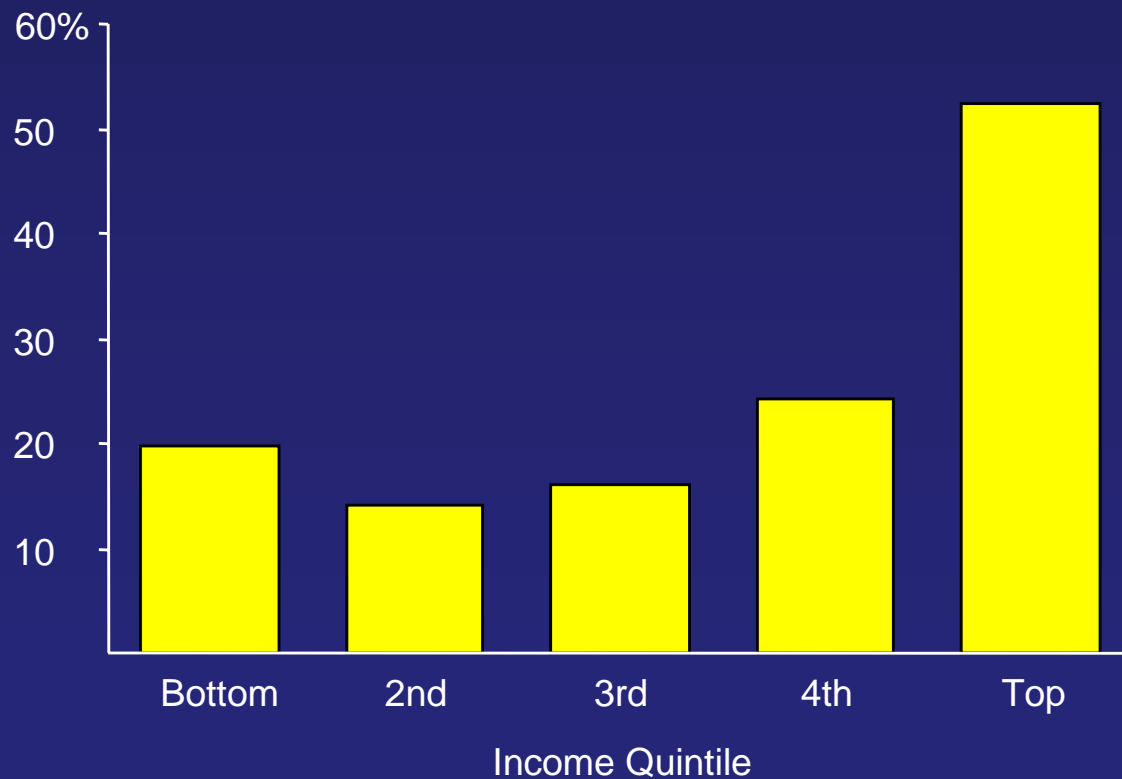
# High-Tech, Services, and Construction Lead California's Current Economic Expansion

Annual Average Percent Change in California Jobs



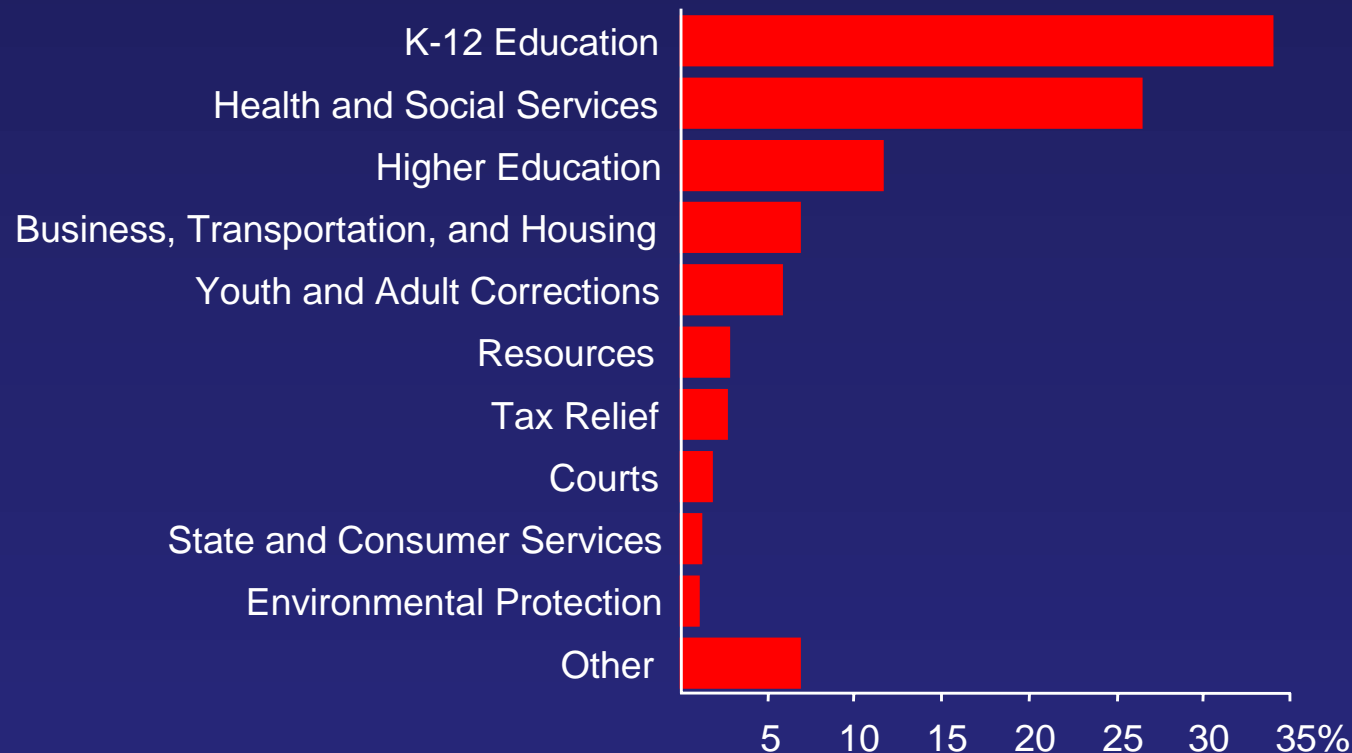
# Income Gains—Widespread But Greatest at the High End

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



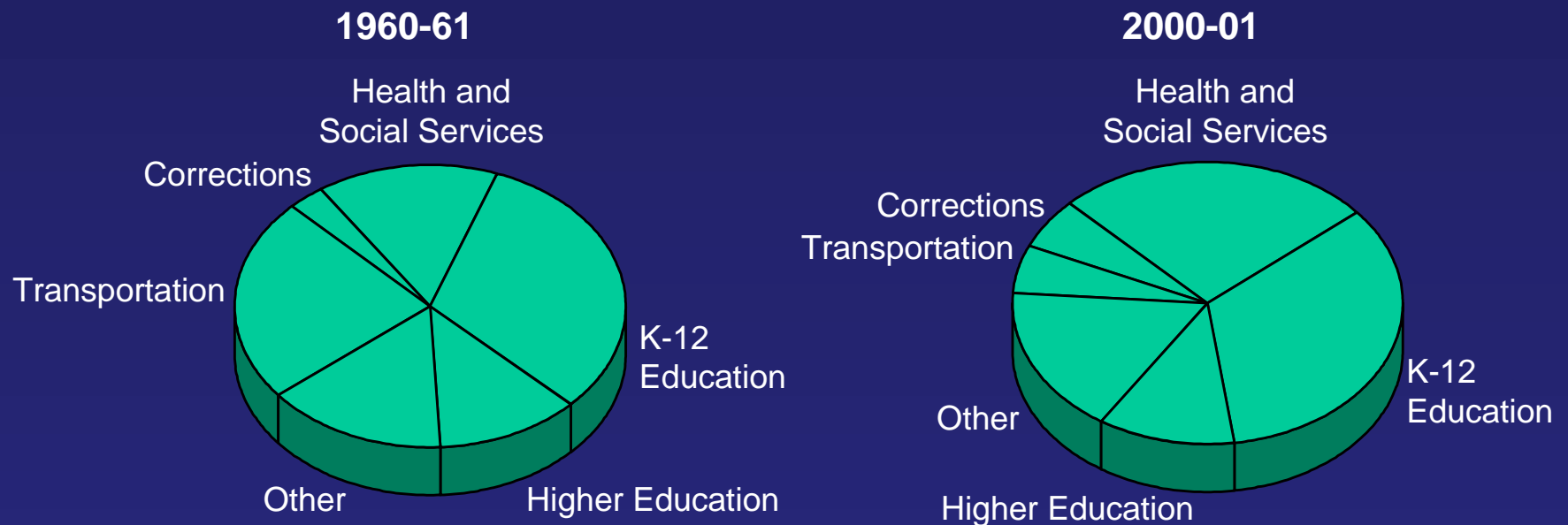
# Share of Total State Expenditures By Major Program Area

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



# Changes in the Mix of State Expenditures Over Time

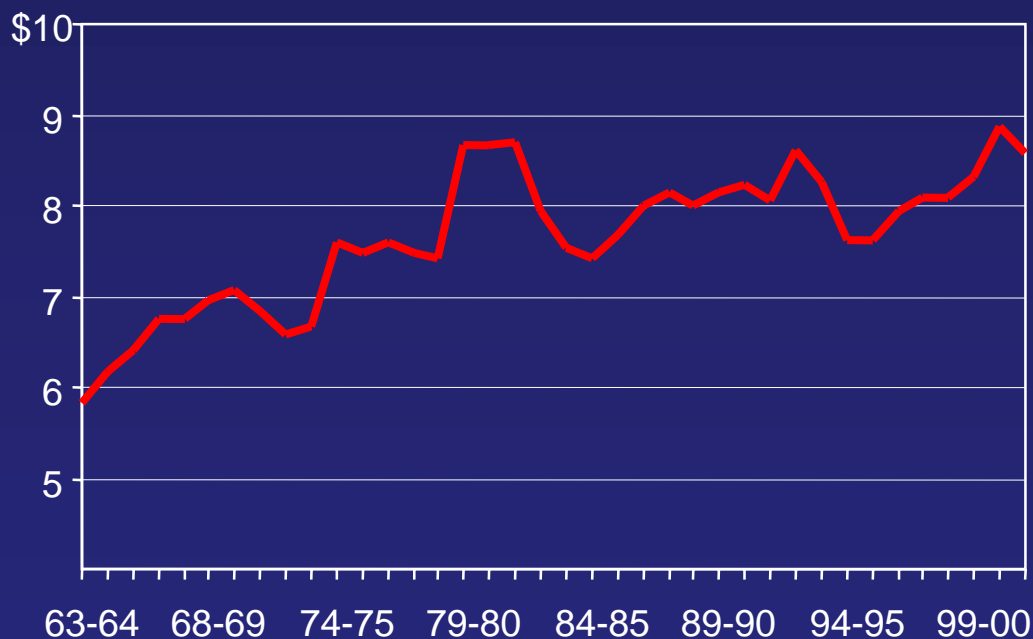
Total State Expenditures, 1960-61 and 2000-01  
(Proposed)



# State Expenditures Relative to the Economy

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



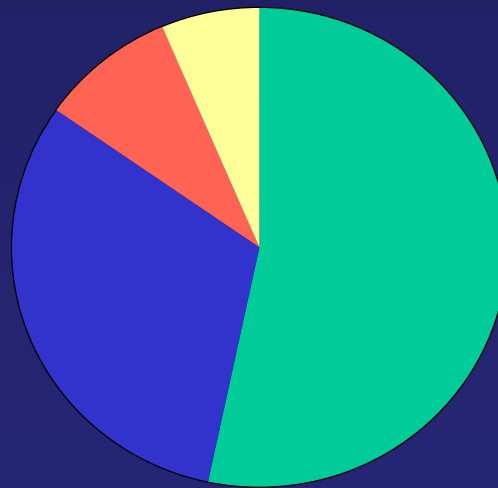
# Relative Importance of Different Revenue Sources Over Time

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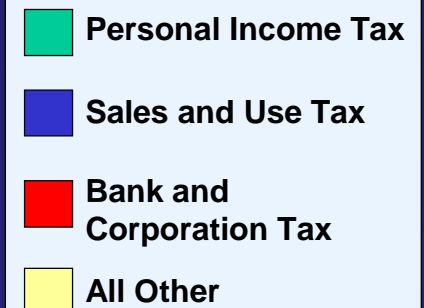
## General Fund Revenues



1964-65



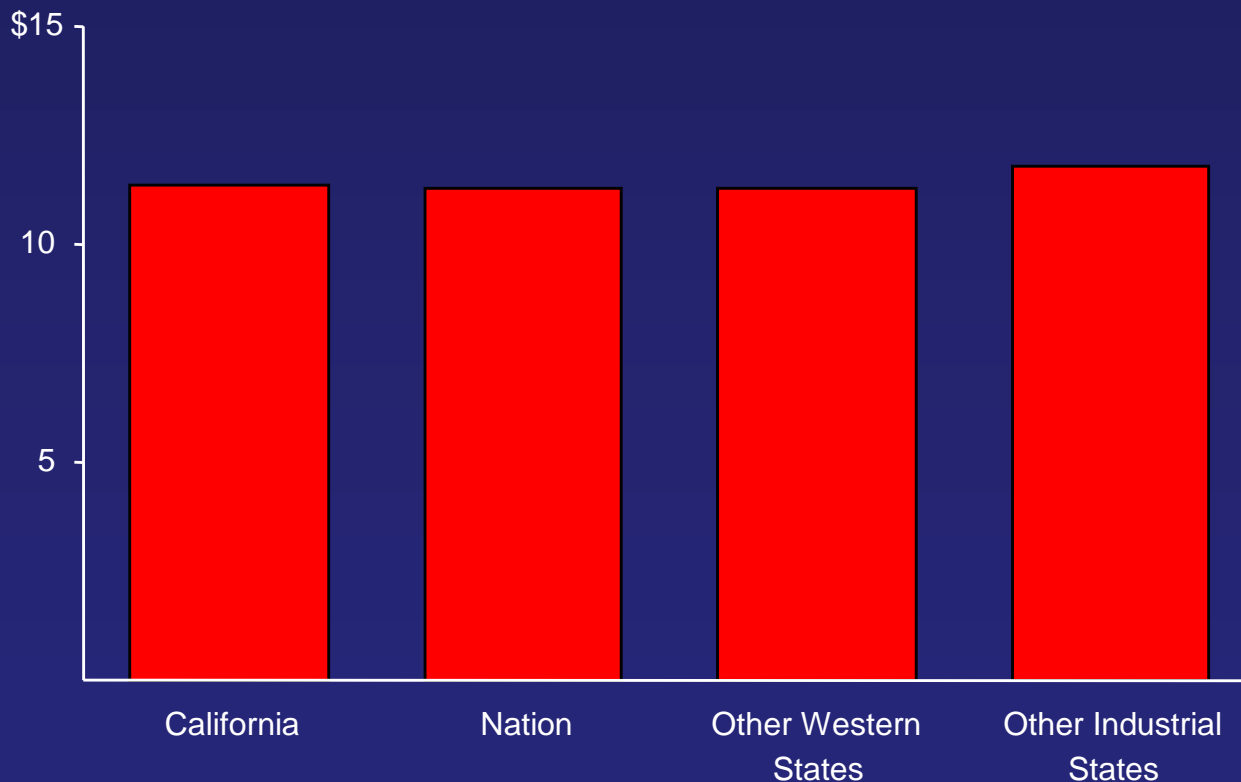
2000-01



# California's Relative Tax Burden— About Average

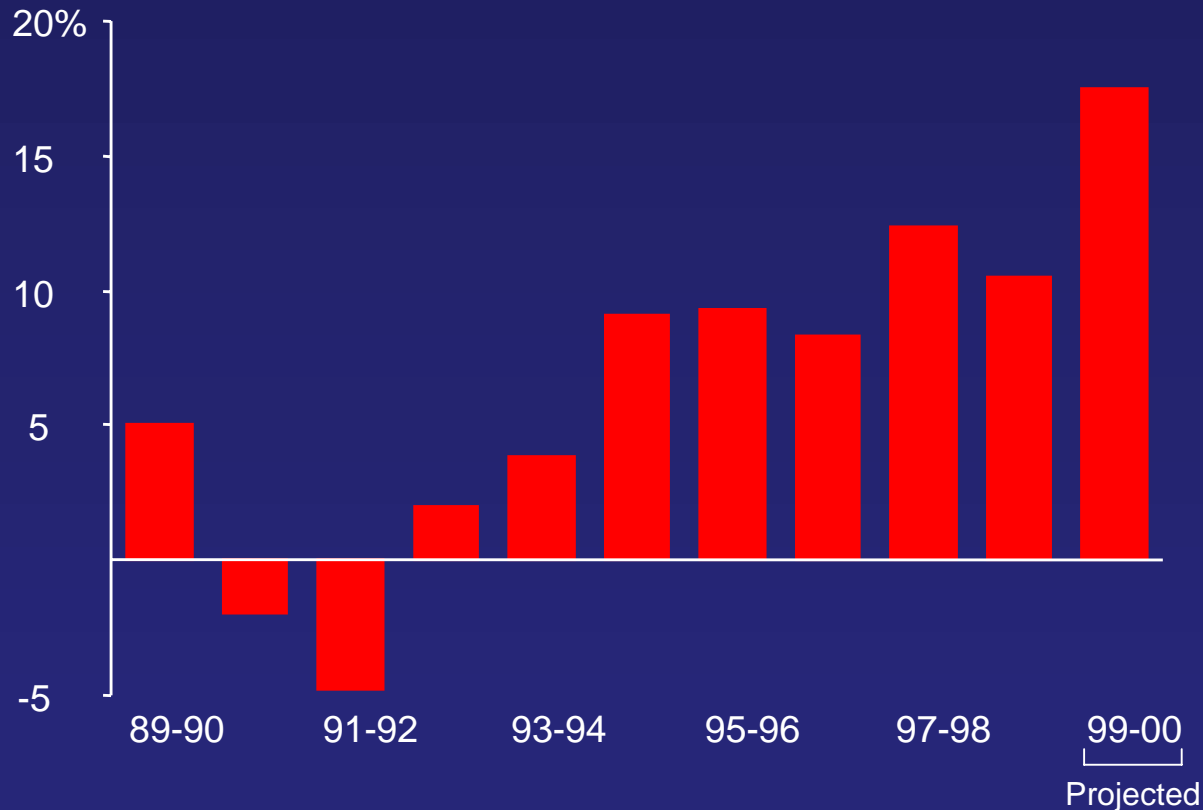
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State and Local Taxes per \$100 of Personal Income



# Underlying General Fund Revenue Growth

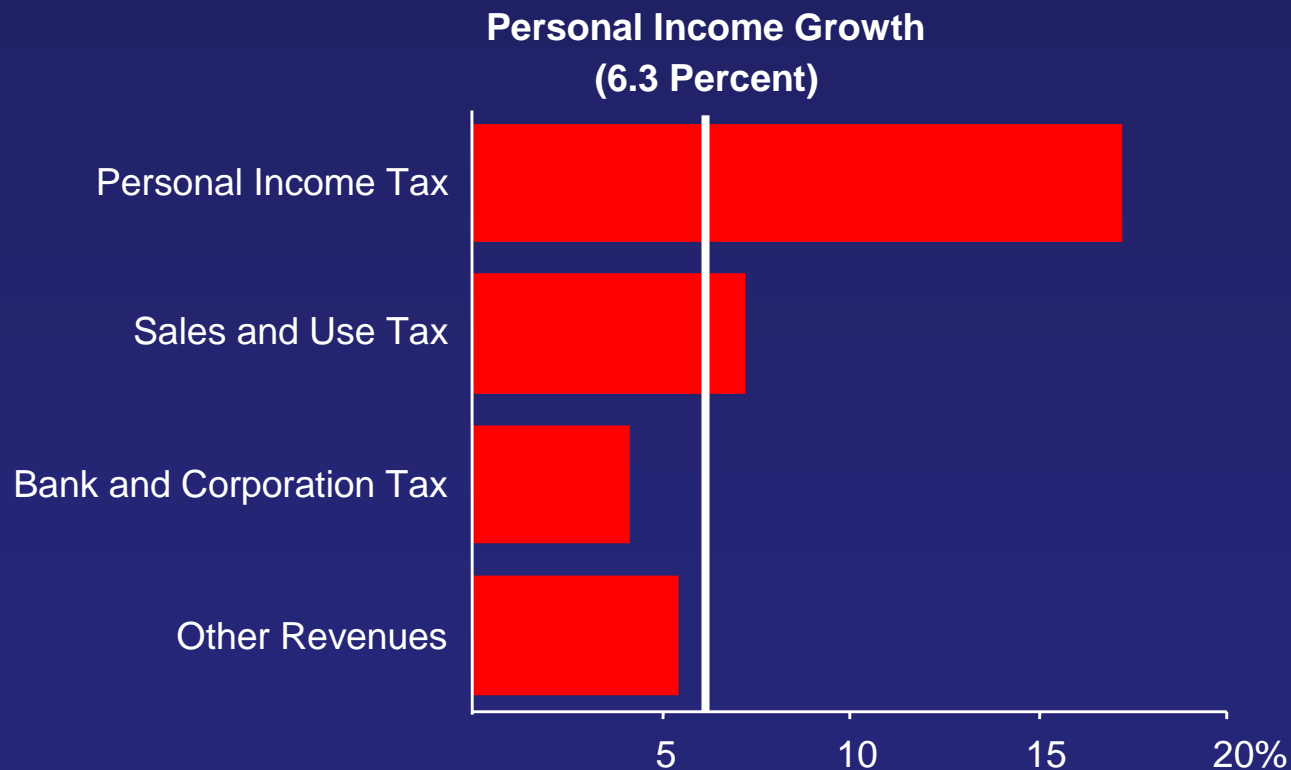
1989-90 Through 1999-00





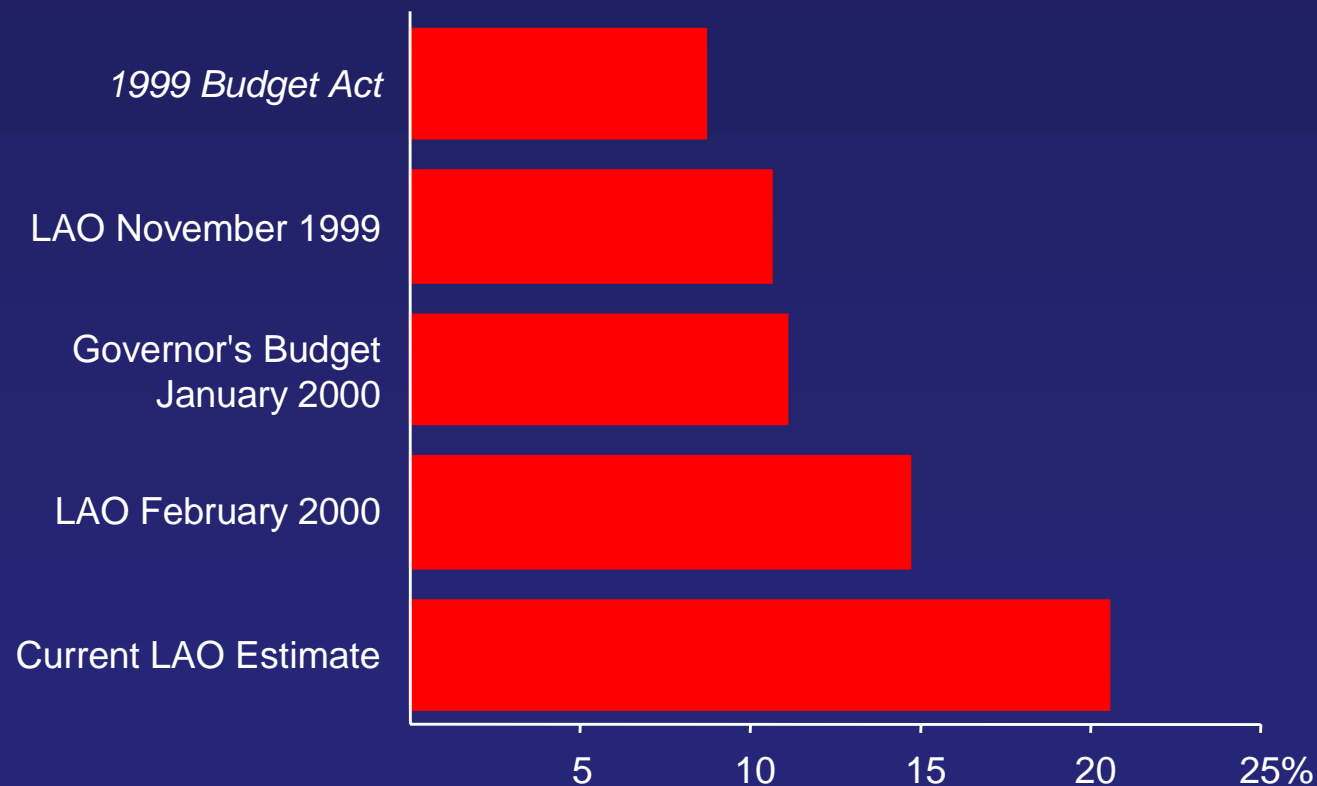
# Recent General Fund Revenue Performance by Source

Average Annual Revenue Growth  
1994-95 Through 1999-00

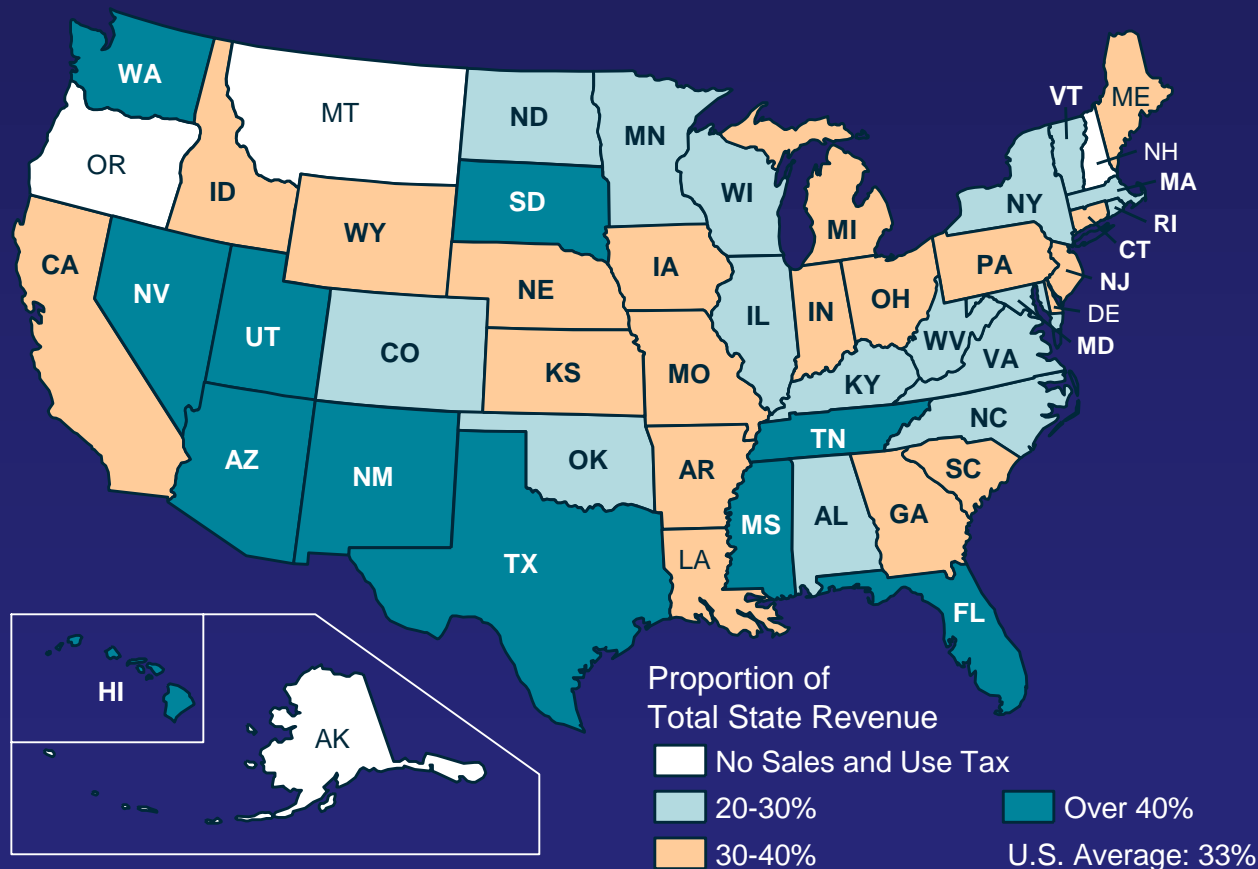


# Significant Upward Revisions Made To Projected Revenue Growth

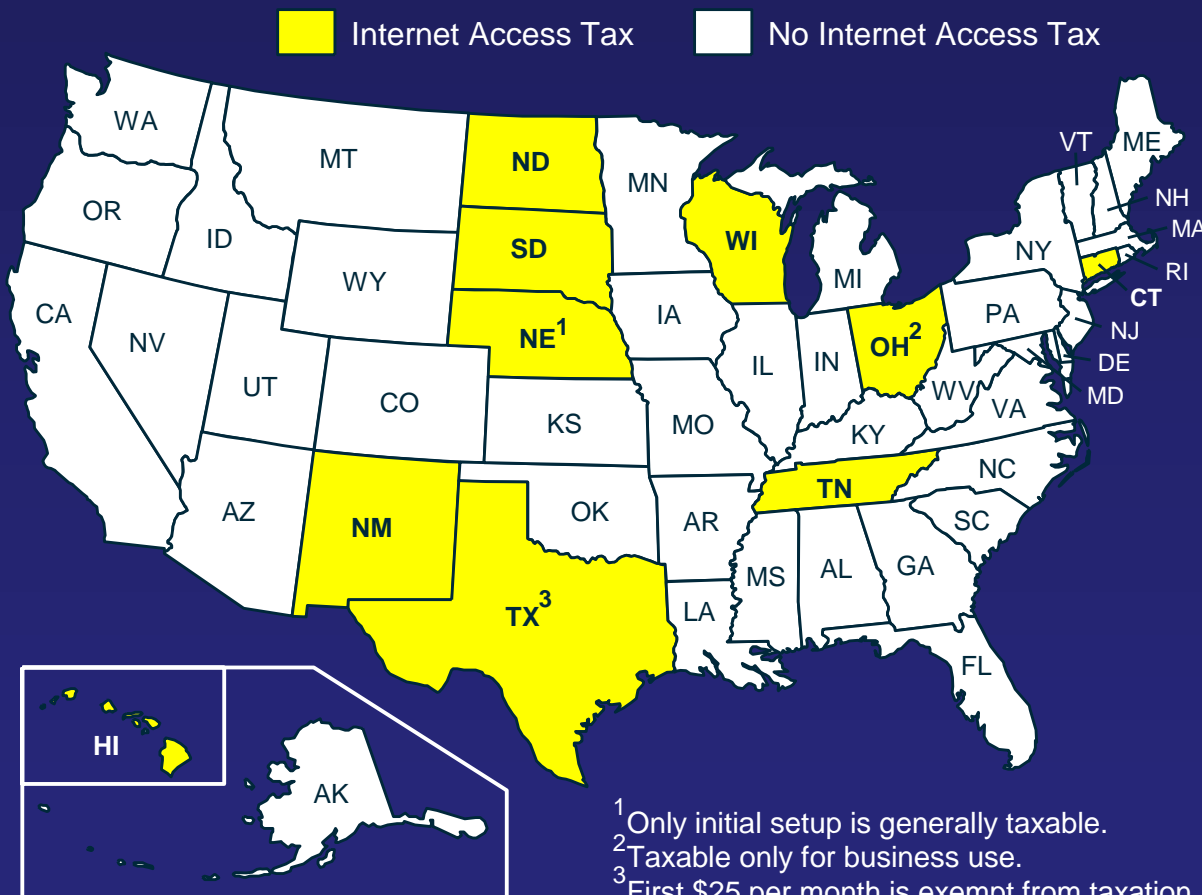
Projected Percent Growth in 1999-00 General Fund Revenues



# Most States Rely Heavily on Sales and Use Tax Revenues

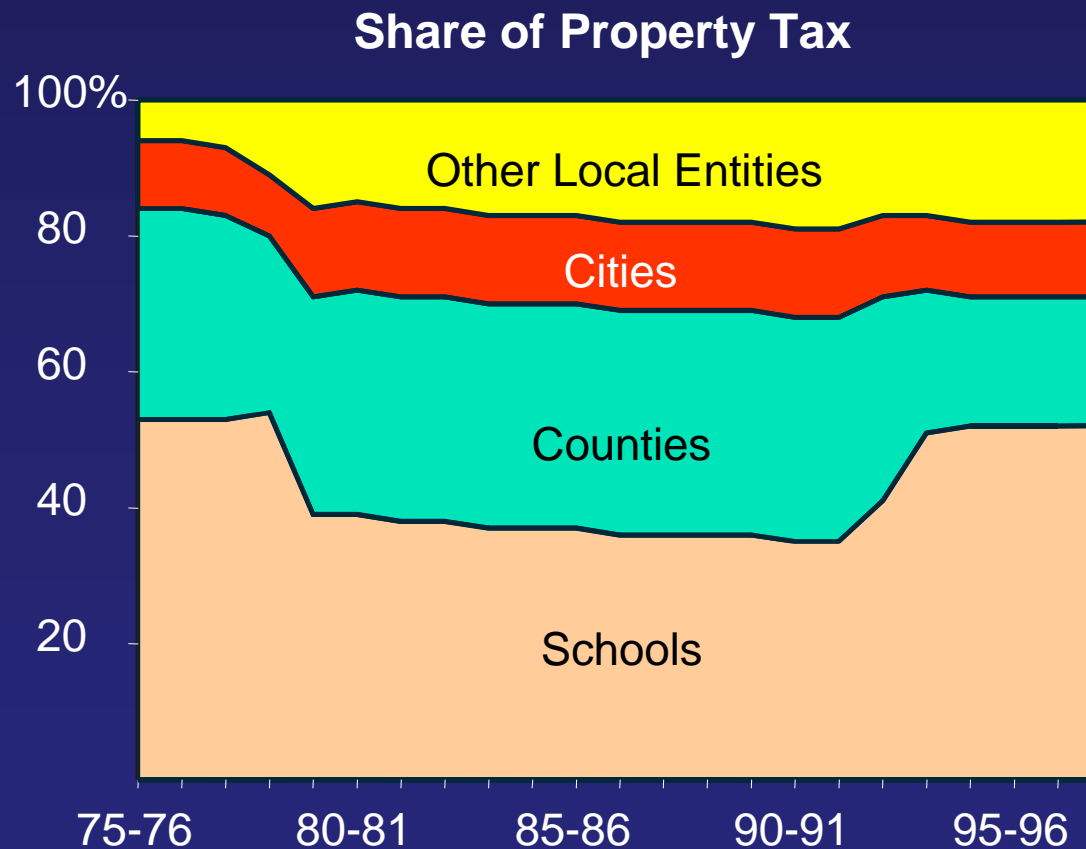


# States That Currently Tax Internet Access



# Schools Receive More Than Half Of Property Taxes

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# Property Tax Allocation: Existing Problems

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- ⚠️ **Lack of Information Impedes Government Accountability**
- ⚠️ **Lack of Local Control**
- ⚠️ **Skewed Development Incentives**

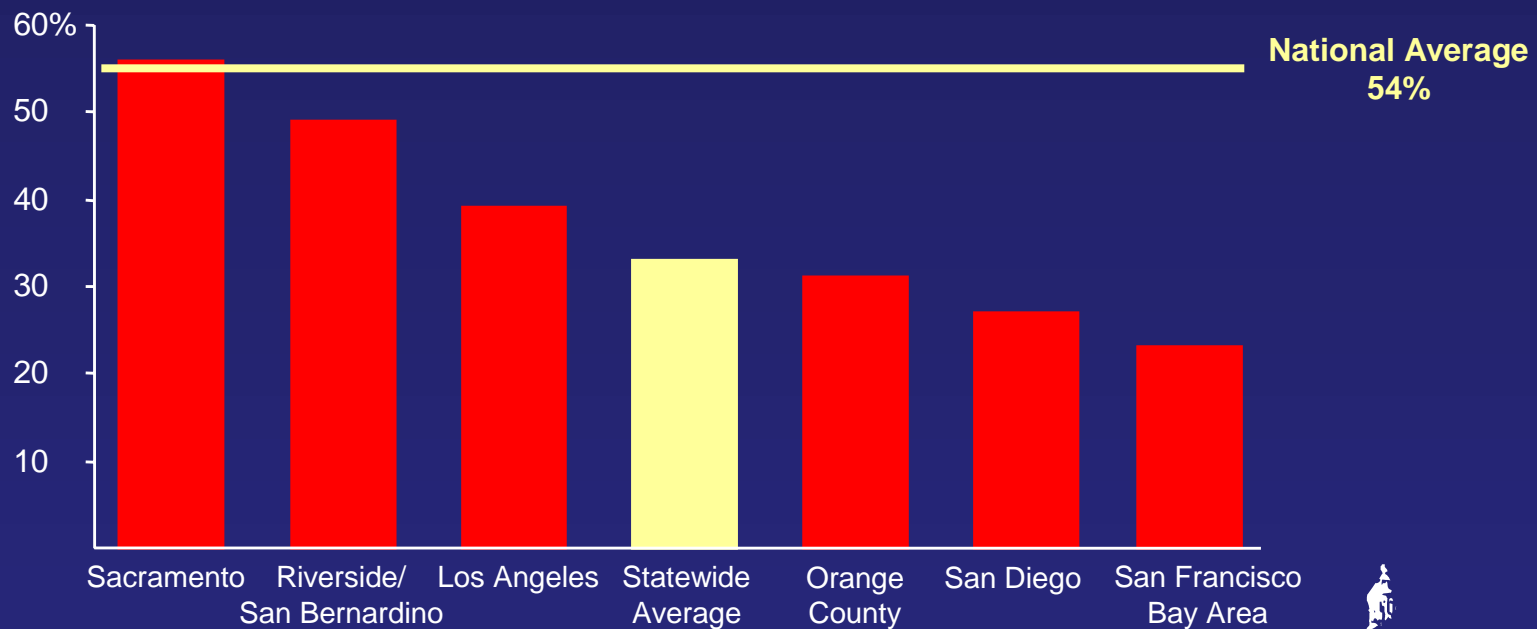


# How Are Property Taxes Allocated?

Sample Area	Property Tax Shares				
	County	Schools	City	County	Other
Los Angeles	Los Angeles	48	26	24	1
Anaheim	Orange	74	11	7	9
San Francisco	San Francisco	34	—	65	1
Milpitas	Santa Clara	50	18	24	8
Morgan Hill	Santa Clara	69	11	14	6
Palo Alto	Santa Clara	71	9	16	4
San Jose	Santa Clara	69	13	15	3
Unincorporated	Santa Clara	78	—	15	7

# Housing Affordability Is a Major Issue In California

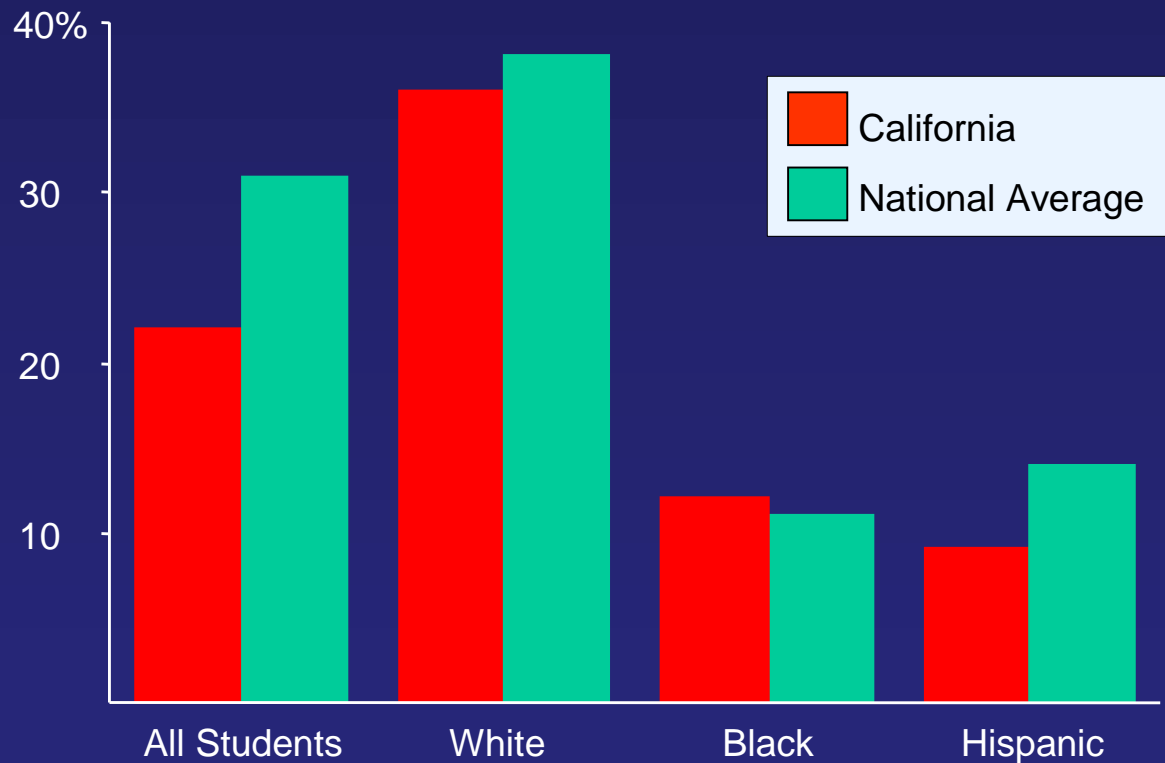
Households That Can Afford Payments on  
Median-Priced Homes by Region  
1990





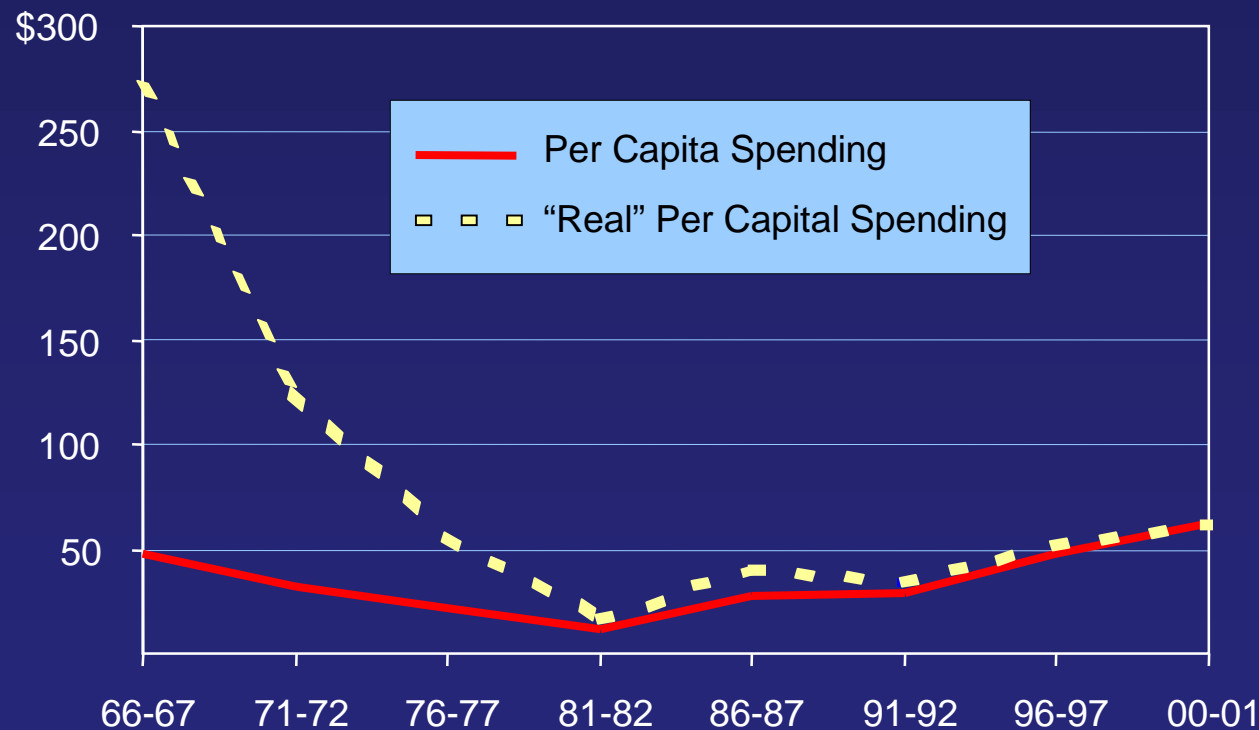
# 8<sup>th</sup> Grade Proficient Readers

Percent of Students Reading at a Proficient Level

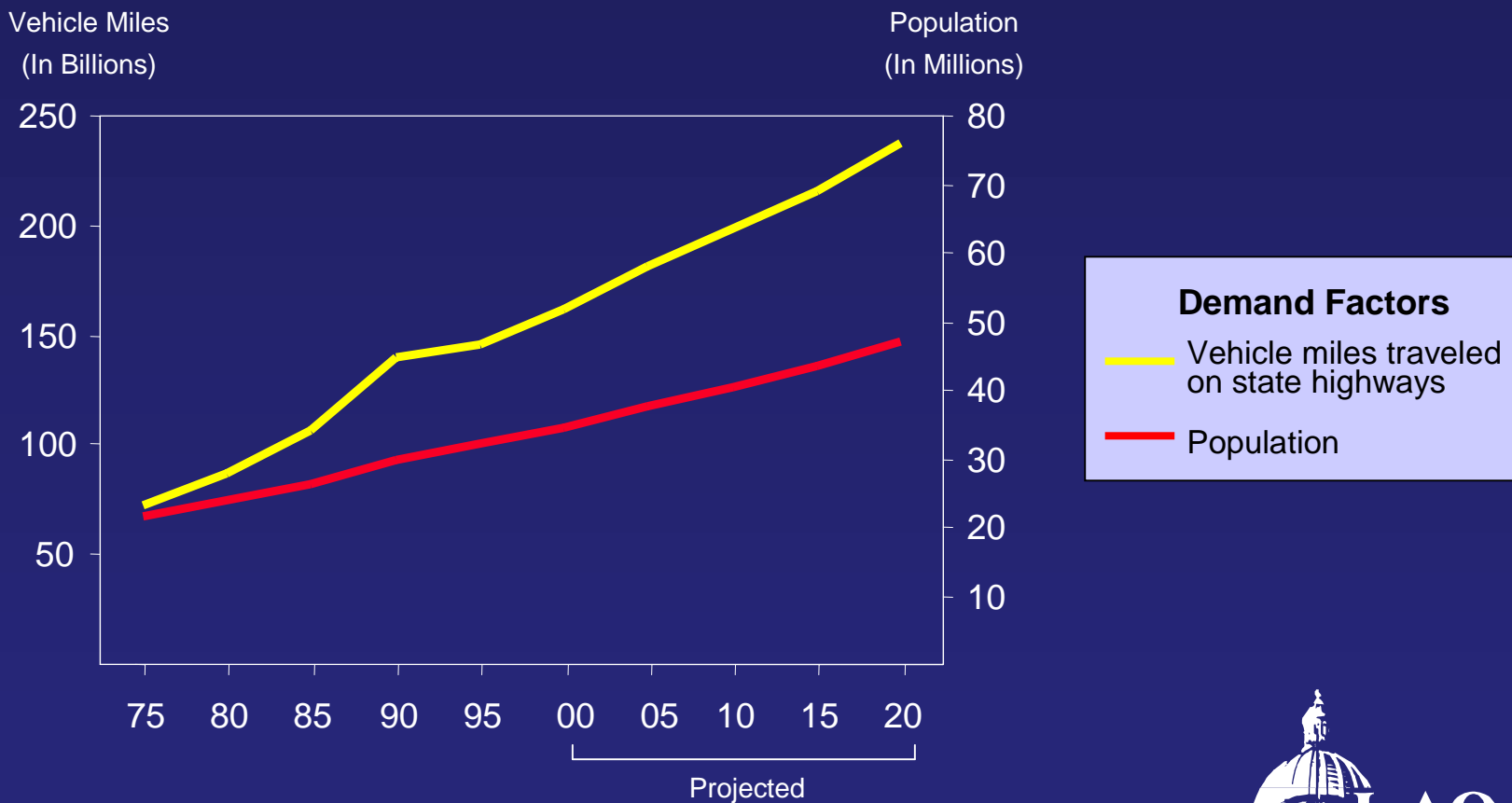


# Trends in State Capital Outlay Spending Over Time

1966-67 Through 2000-01



# Steady Growth in Transportation Demand Foreseen



# Local Funds Account for Half of Transportation Revenues

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1999-00

