

INFORMATION ON THE BUDGET AND K-12 EDUCATION ISSUES



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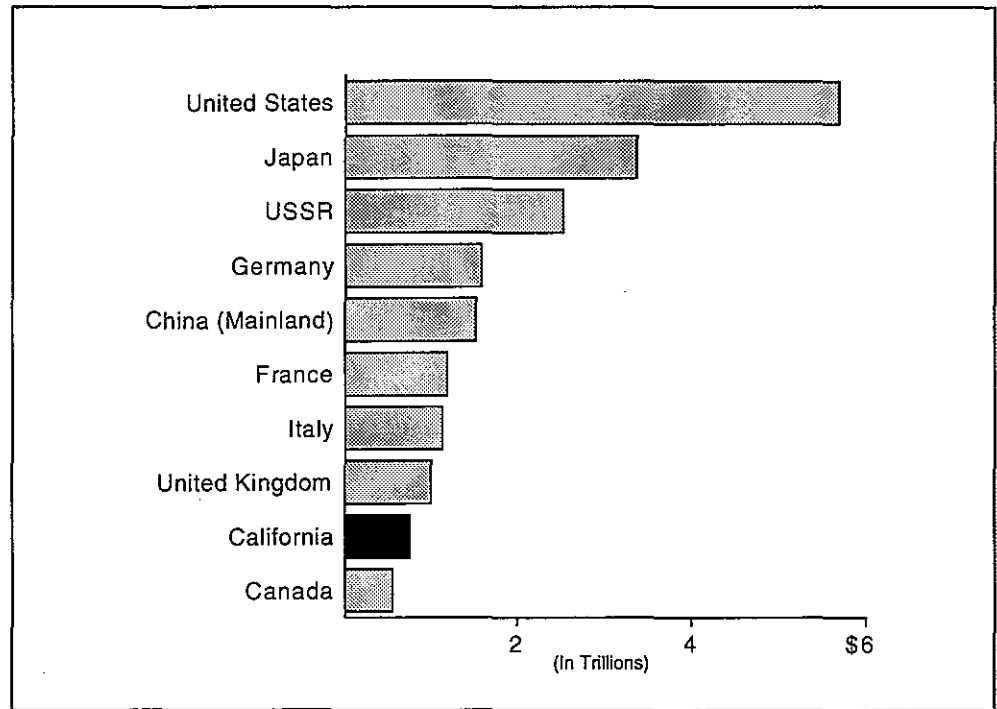
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LEGISLATIVE ANALYST'S OFFICE

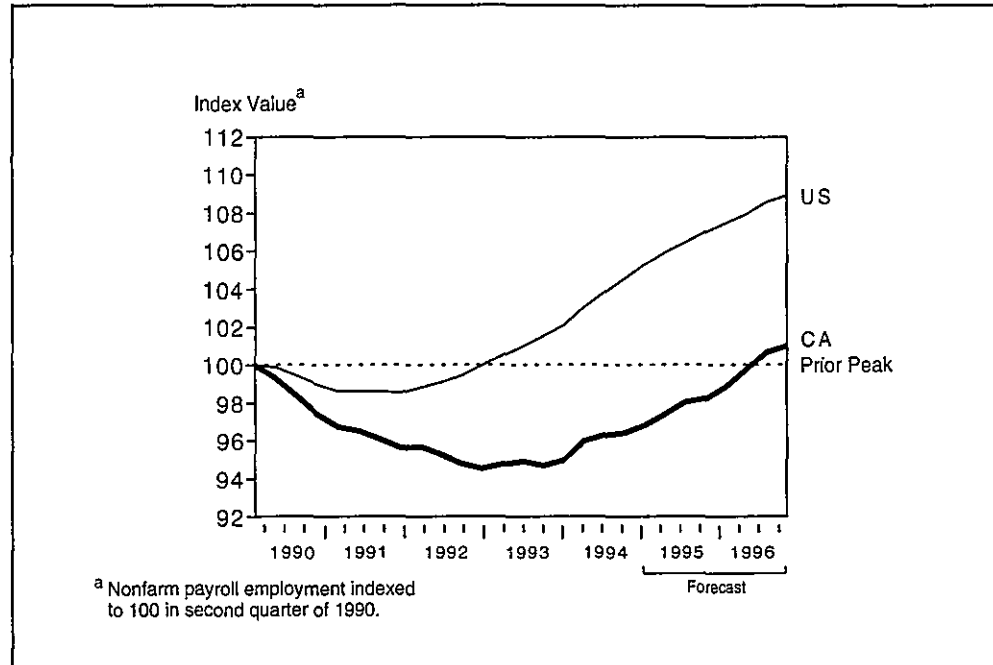


California Is One of the World's Largest Economies



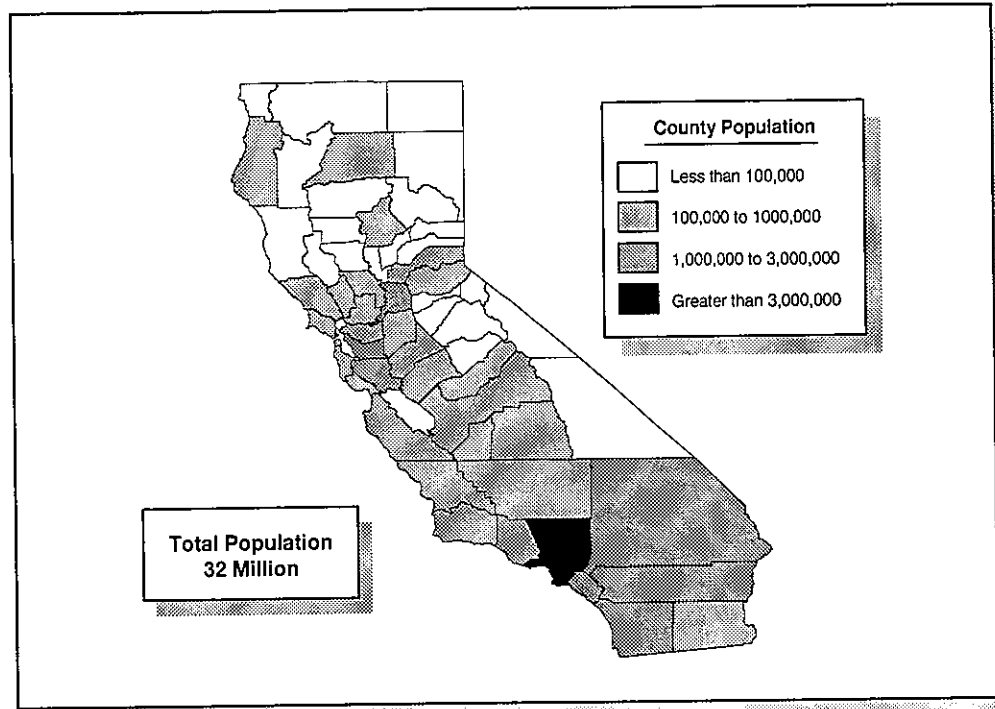


California Employment Rising But Still Trailing Nation



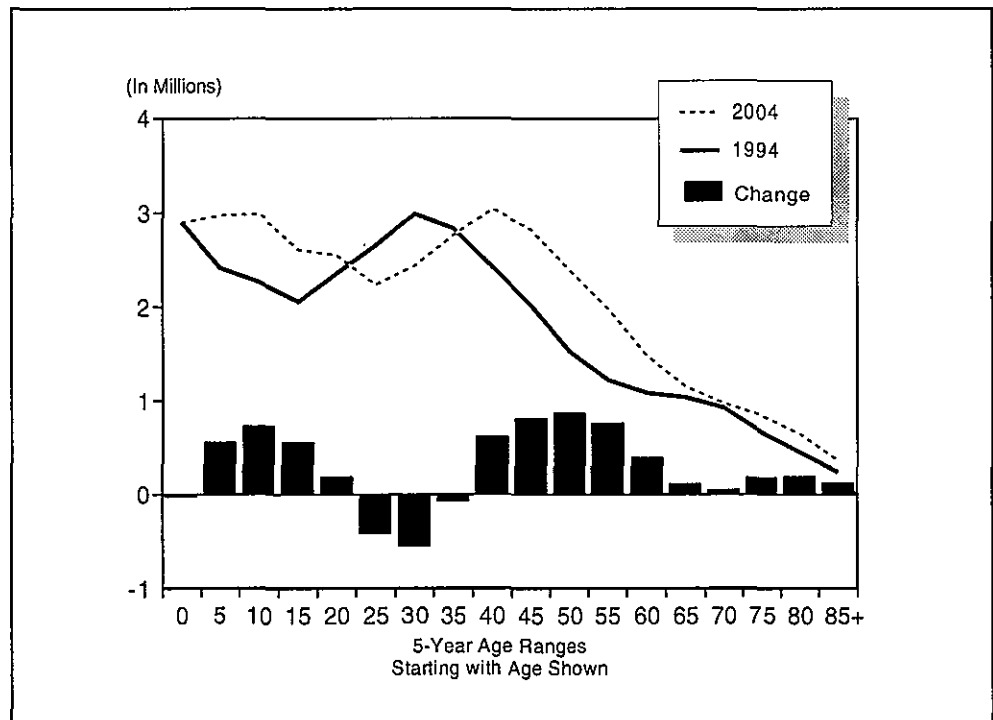


Nearly 60 Percent of Californians Live In Southern California





Population Growth to be Most Rapid In Young and Older Age Groups





Two-Year Budget Plan Out of Balance

(In Billions)

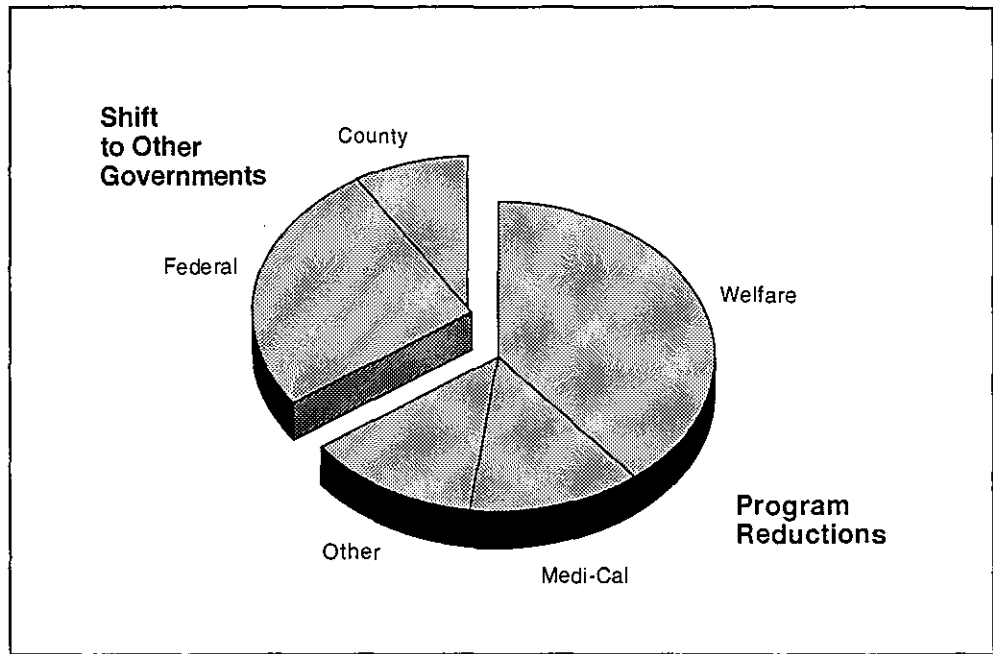
	General Fund Impact ^a
Reduced 1993-94 carryover deficit	\$0.5
1994-95	
Improved revenues	\$0.8
Spending increases	-0.4
1995-96	
Improved revenues	\$0.6
Spending increases	-0.3
Reduced encumbrance obligations	\$0.1
Underlying Improvement	\$1.3
Federal immigrant funds^b	
1994-95	-\$0.7
1995-96	-2.6
Federal funds shortfall	-\$3.3
Budget Gap	-\$2.0

^a Measures change between July 1994 and January 1995 budget estimates. Excludes Governor's proposed budget solutions and proposals, including realignment and tax reduction.

^b Based on current federal appropriations and authorizations.



Governor's Proposed Resolution Of the 1995-96 Budget Gap





State Revenues in 1995-96

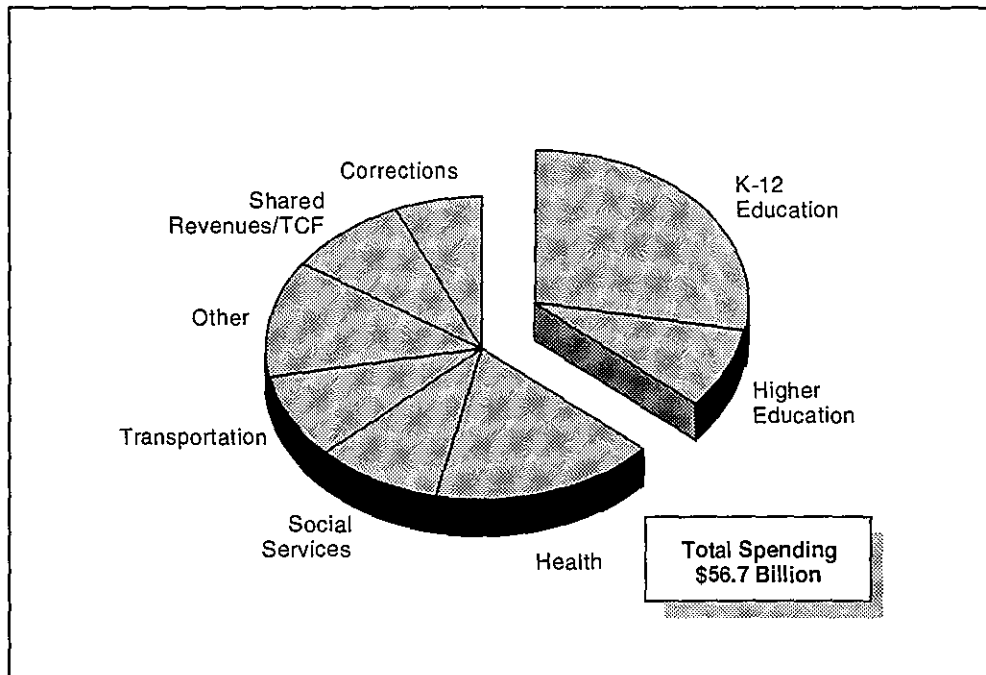
General Fund Revenues (In Billions)	Total State Revenues \$57.6 Billion ^a	Special Fund Revenues (In Billions)
Personal Income Taxes \$19.5		Motor Vehicle-Related Taxes \$7.5
Sales and Use Taxes 14.9		Sales and Use Taxes ^b 4.1
Bank and Corporation Taxes 4.8		Tobacco-Related Taxes 0.5
All Other 3.3		All Other 3.0
Total \$42.5		Total \$15.1

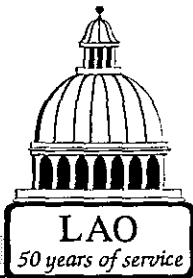
^a Includes transfers. Detail may not add to totals due to rounding.

^b Includes \$1.6 billion to Local Revenue Fund, \$0.7 billion to Children's Social Services Account (proposed), and \$0.2 billion for transportation-related purposes. Also includes \$1.6 billion allocated to Local Public Safety Fund which is not included in Governor's Budget totals.

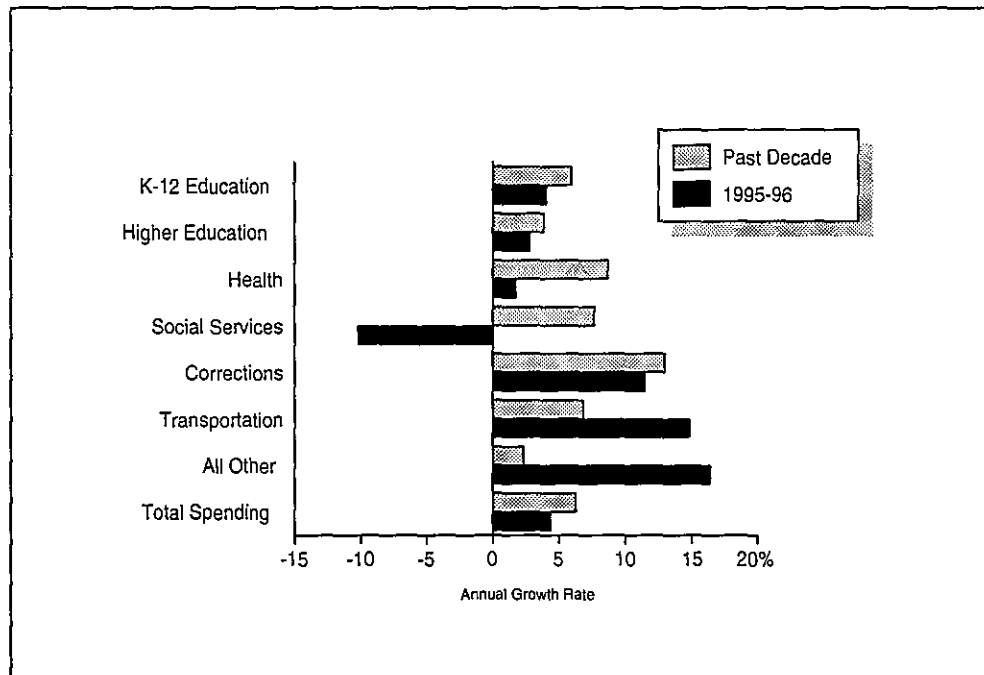


Total State Spending By Major Program 1995-96



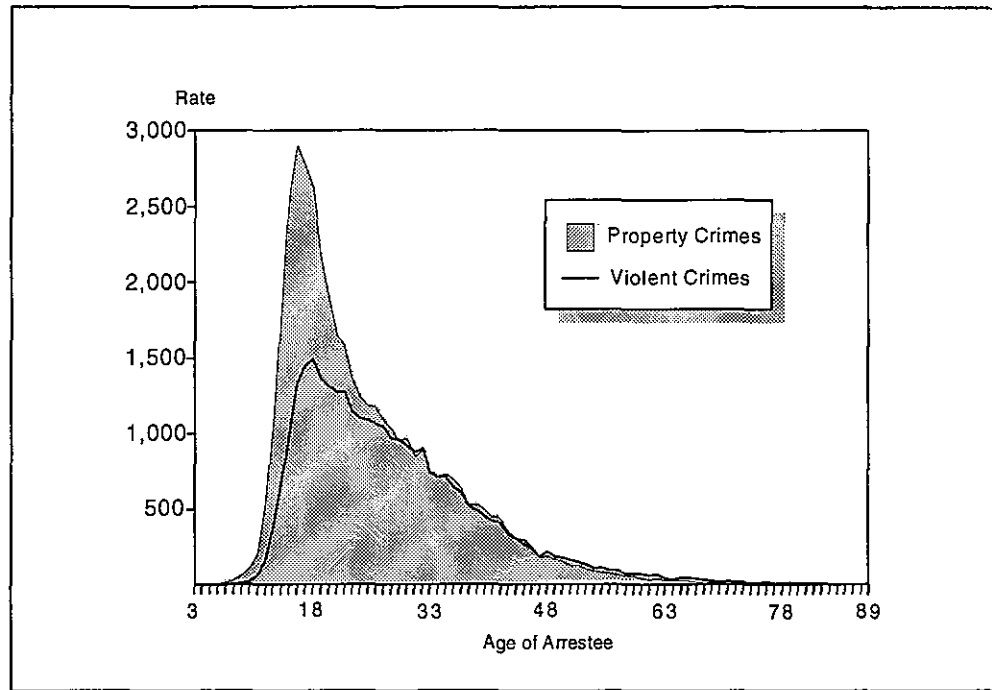


Growth In Program Support Levels





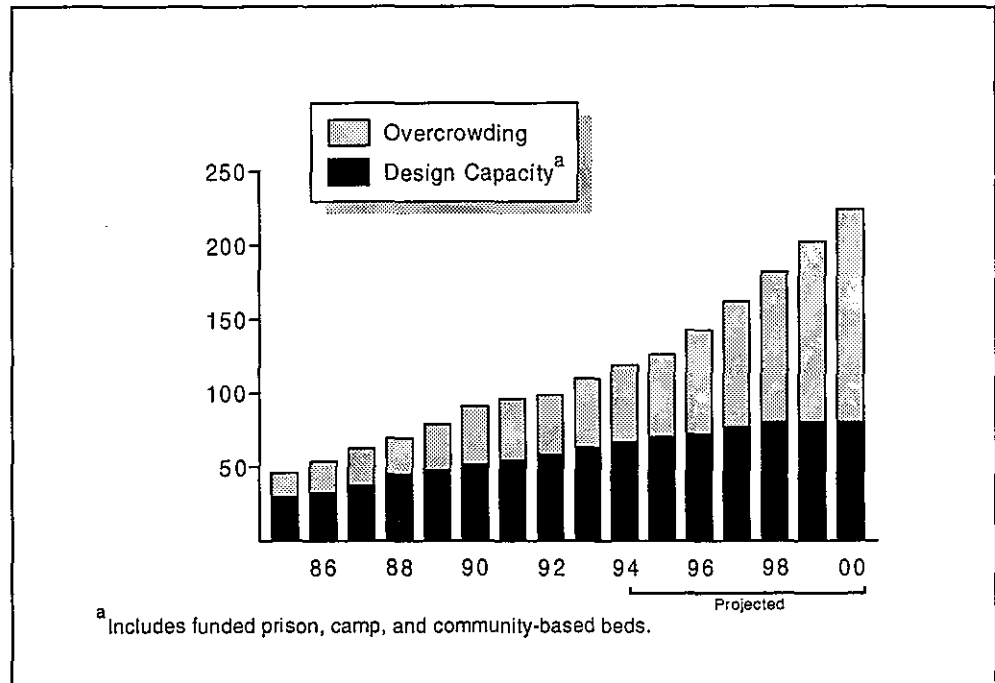
Felony Arrests Highest Among the Young 1993





Prison Population Exceeds Design Capacity 1984-85 Through 1999-00

(Inmates in Thousands)





State Revenue Effects of the Tax Reduction Proposal 1995-96 Through 1998-99

(Dollars in Billions)

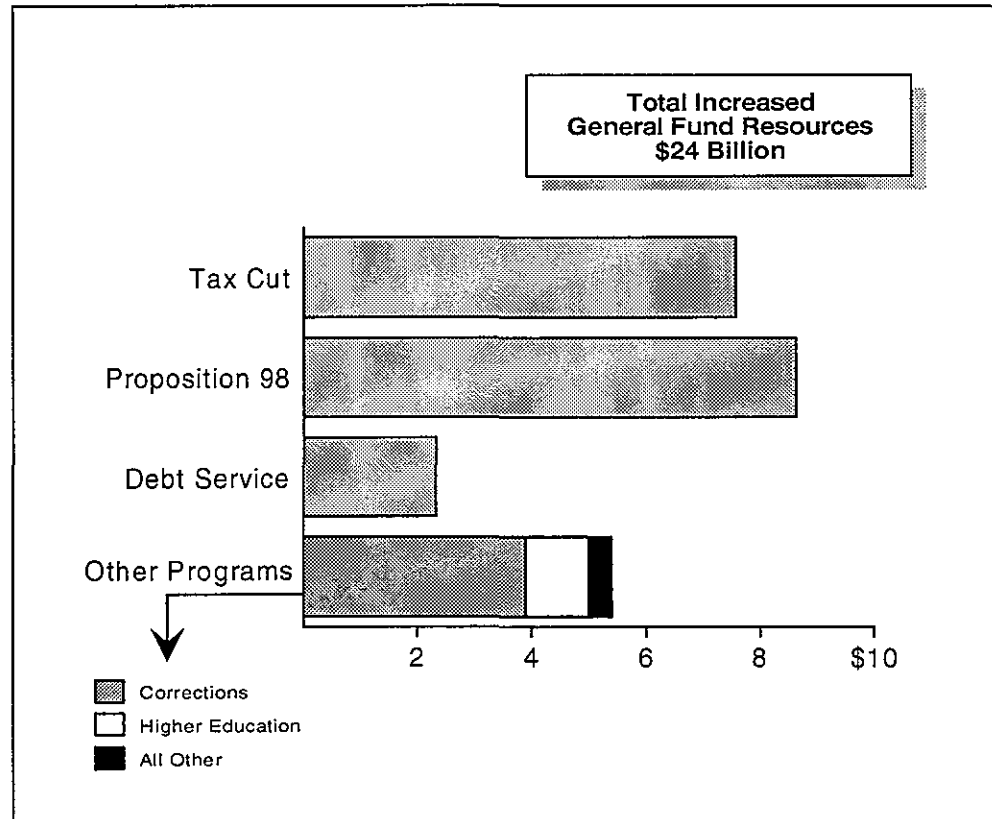
State Revenue Effects	1995-96	1996-97	1997-98	1998-99	Four-Year Total
Personal Income Tax					
Continuation of high-income tax brackets after 1995	\$0.3	\$0.8	\$0.9	\$1.0	\$3.0
Phase-in of 15 percent tax cut	-0.4	-1.5	-2.7	-3.6	-8.3
Net effect	(-\$0.1)	(-\$0.7)	(-\$1.9)	(-\$2.7)	(-\$5.3)
Bank and Corporation Tax					
Phase-in of 15 percent tax cut	-\$0.1	-\$0.4	-\$0.7	-\$1.0	-\$2.3
Total State Revenue Effect	-\$0.2	-\$1.1	-\$2.6	-\$3.6	-\$7.6

^a Source: Department of Finance. Detail may not add to totals due to rounding.



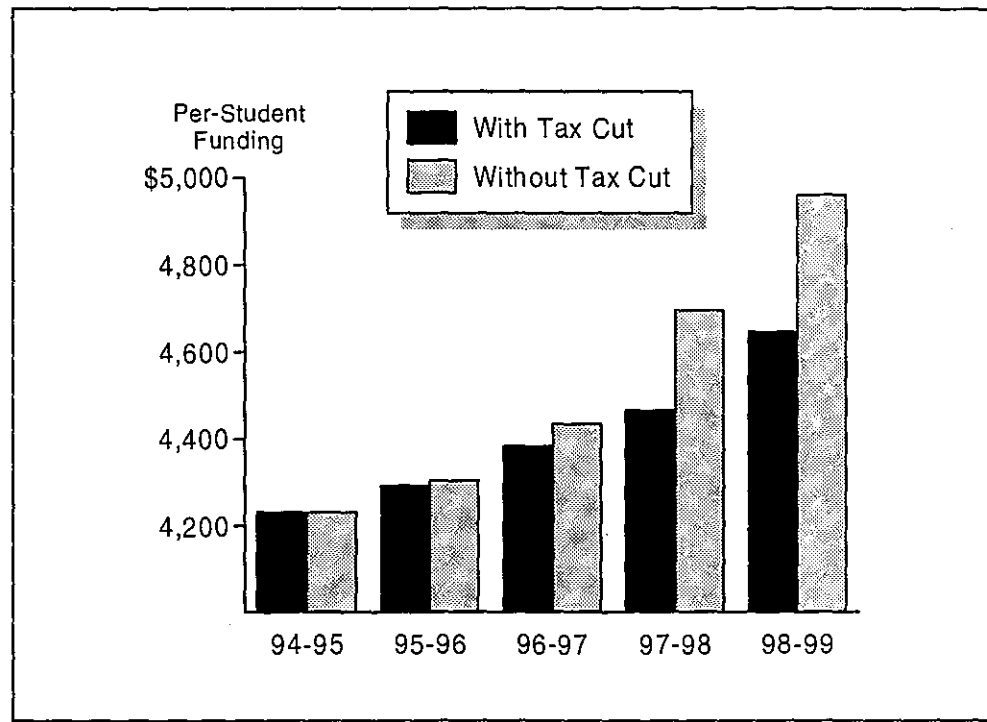
Proposed Use of Increased Resources 1995-96 Through 1998-99

(In Billions)





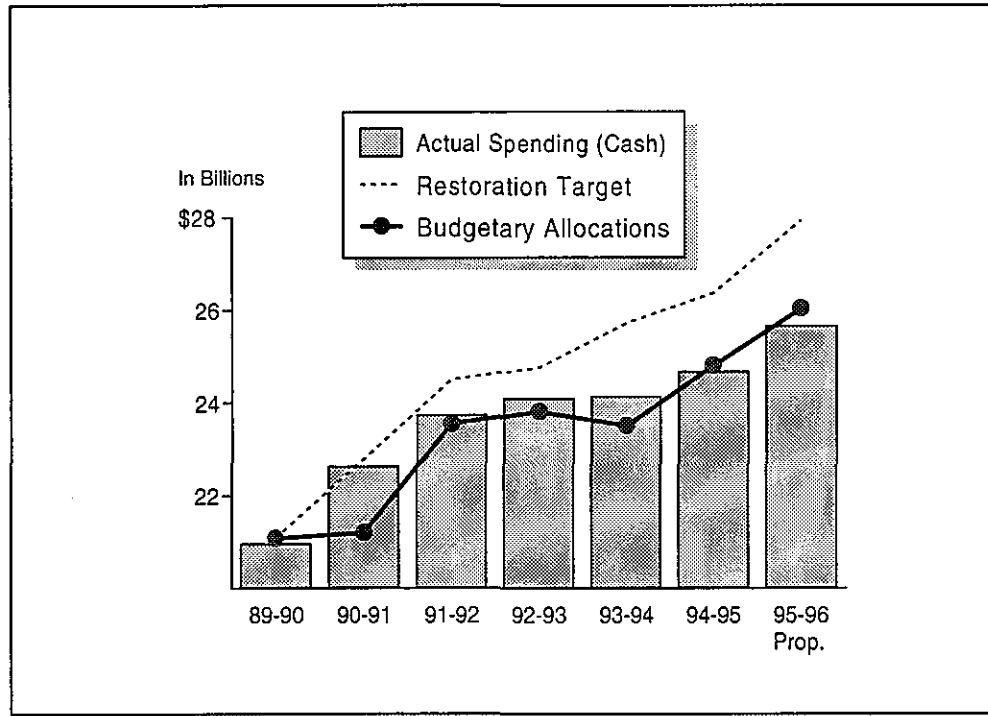
Impact of Tax Cuts On K-12 Per-Pupil Funding (cash basis) 1994-95 Through 1998-99





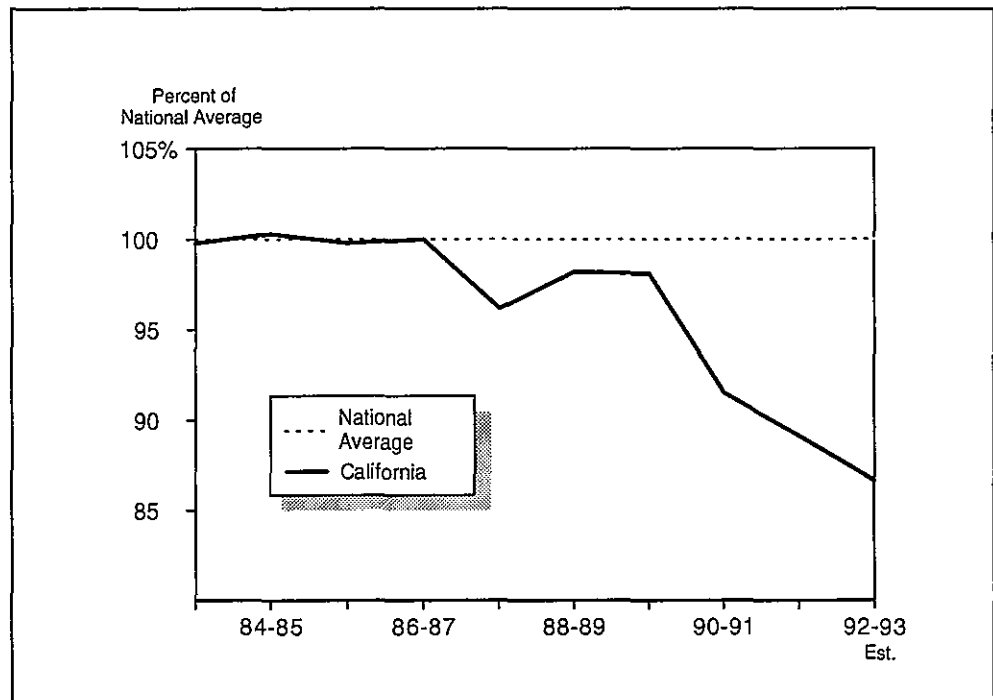
Proposition 98 Spending 1989-90 Through 1995-96

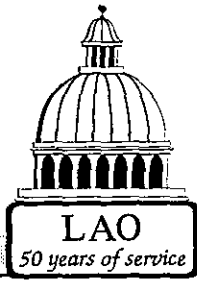
State and Local Sources



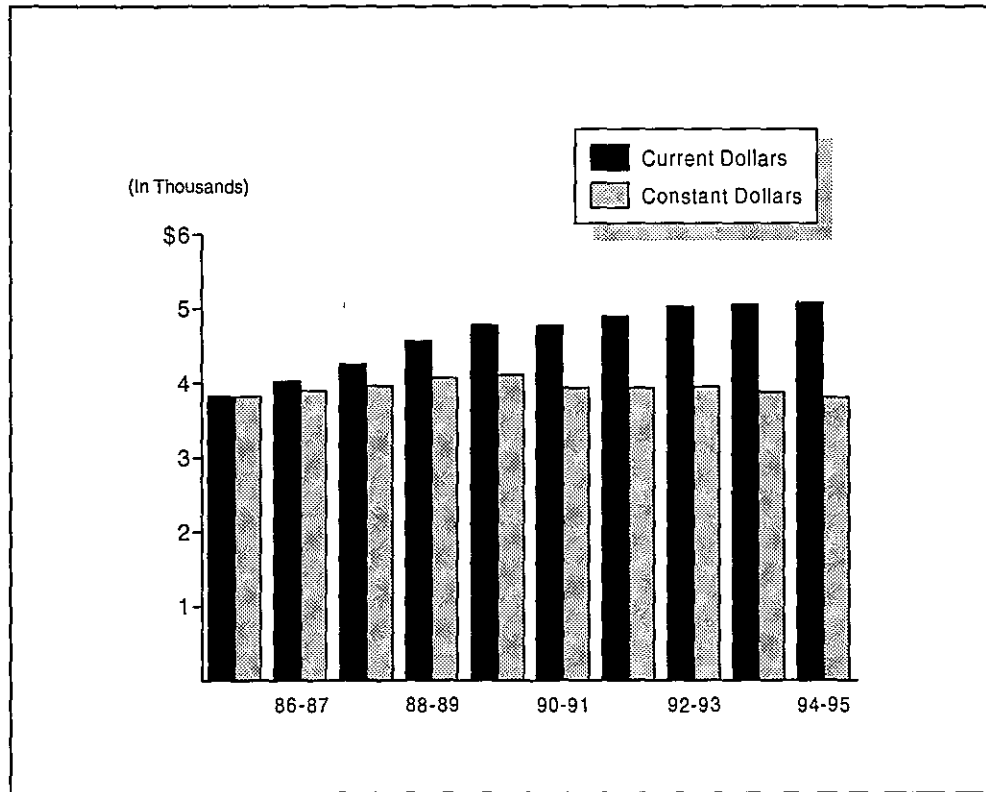


California's Spending Per Pupil Has Dropped Below the National Average





Inflation-Adjusted Funding Per Pupil Has Declined Since 1989-90





California Pupils Are Increasingly Diverse

