



California Budget
& Policy Center

California's State Budget and Its Impact on Communities

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*MAKE IT FAIR: POLICY CHANGE FOR AN
EQUITABLE CALIFORNIA CONVENING*

calbudgetcenter.org

California Budget & Policy Center

The Budget Center was established in 1995 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The Budget Center engages in independent fiscal and policy analysis and public education with the goal of improving the economic and social well-being of low- and middle-income Californians. Support for the Budget Center comes from foundation grants, subscriptions, and individual contributions. Please visit our website at calbudgetcenter.org.



**The state budget is a
local budget.**



**In some important ways,
California has turned the
corner on the budget
challenges of recent years.**



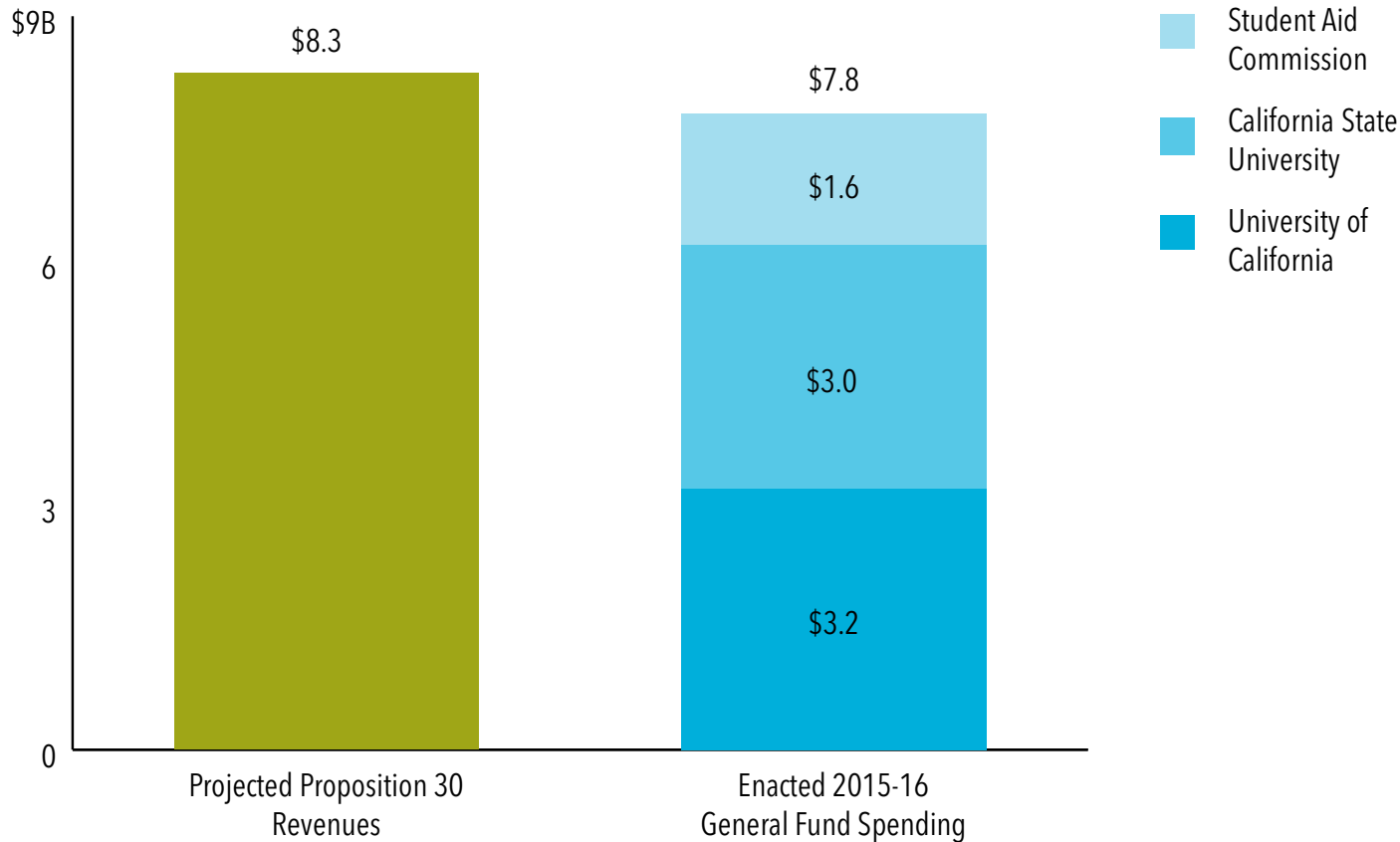
2015-16 State Budget: Some Key Advances

- Due to higher revenues, increased funding for K-12 schools and community colleges.
- Expansion of public health care coverage to undocumented immigrant children from low-income families.
- Creation of the California Earned Income Tax Credit (EITC), which allows low-income workers to keep more of their earnings.



Proposition 30 Will Raise \$8 Billion in 2015-16, More Than CSU, UC, and Student Aid Commission Funding Combined

Dollars in Billions



Note: Proposition 30 revenue projections are as of May 2015.
Source: Department of Finance

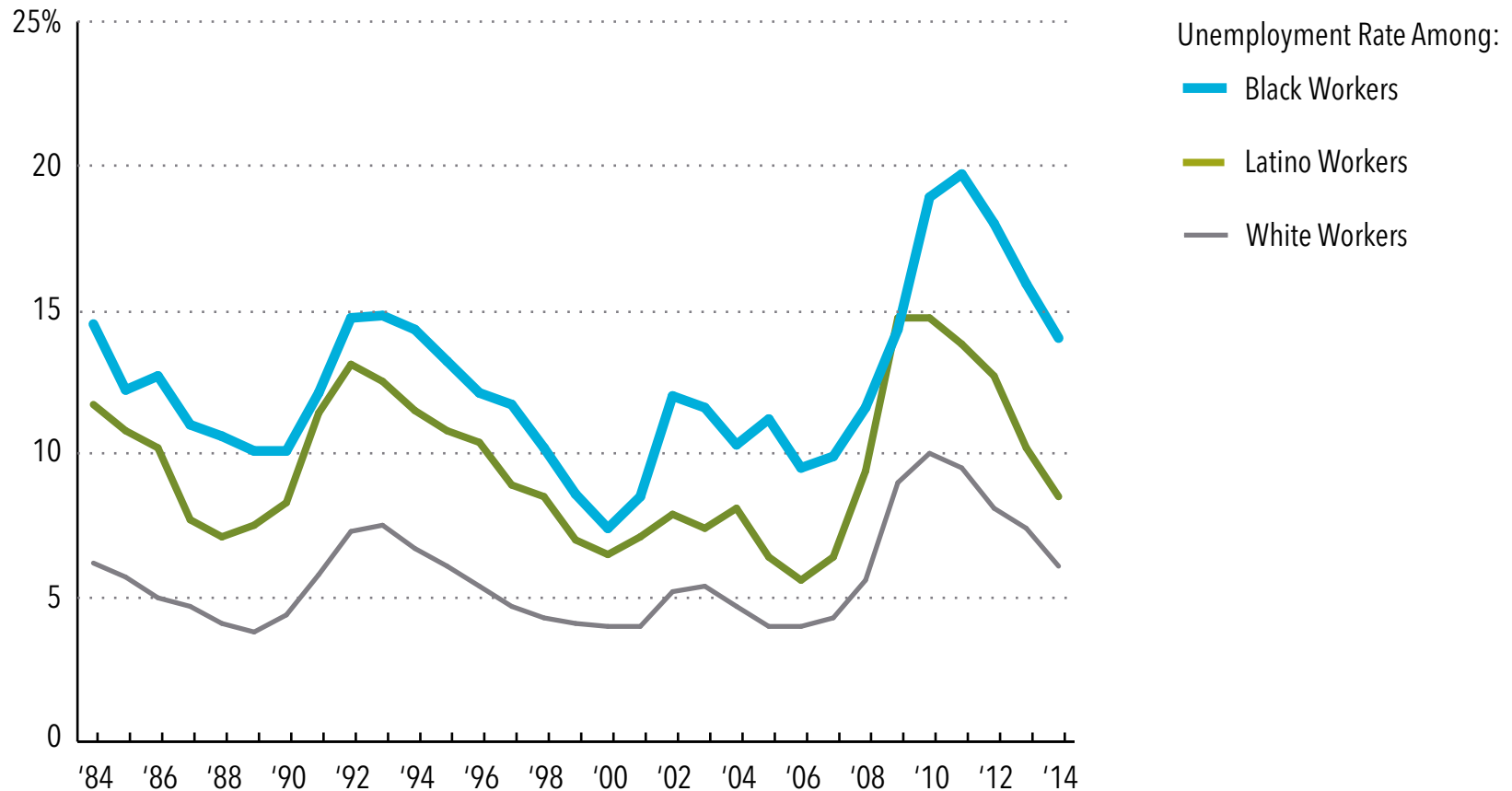


Several years into California's recovery from the Great Recession, economic security remains out of reach for too many in our state.



Black and Latino Workers in California Are More Likely to Face Unemployment

Jobless Rate, by Race and Ethnicity, 1984 to 2014



Note: Races and ethnicities reflect mutually exclusive categories. For example, "white" refers to a non-Latino white worker.

Source: Budget Center analysis of US Census Bureau data

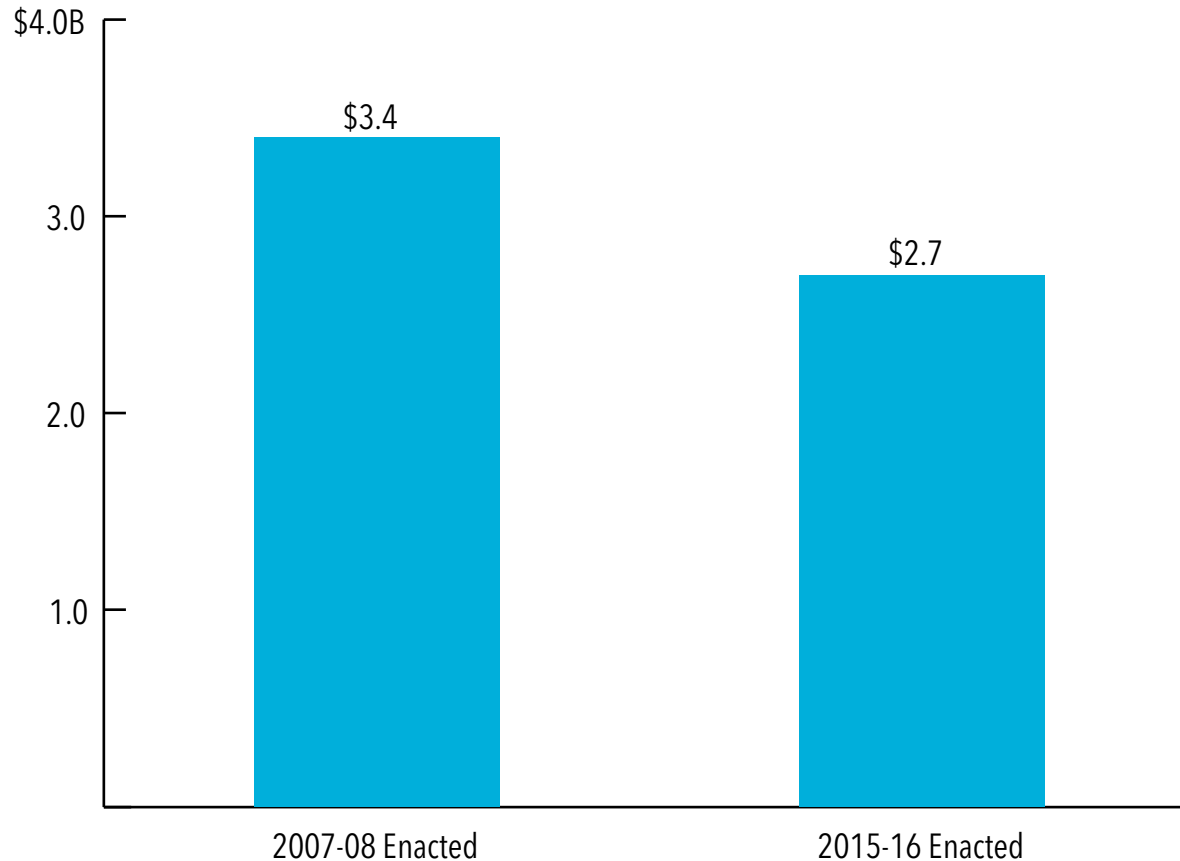


**California must do more to
reinvest in individuals,
families, and communities.**



Support for Child Care and Preschool in 2015-16 Remains More Than 20 Percent Below Pre-Recession Levels

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



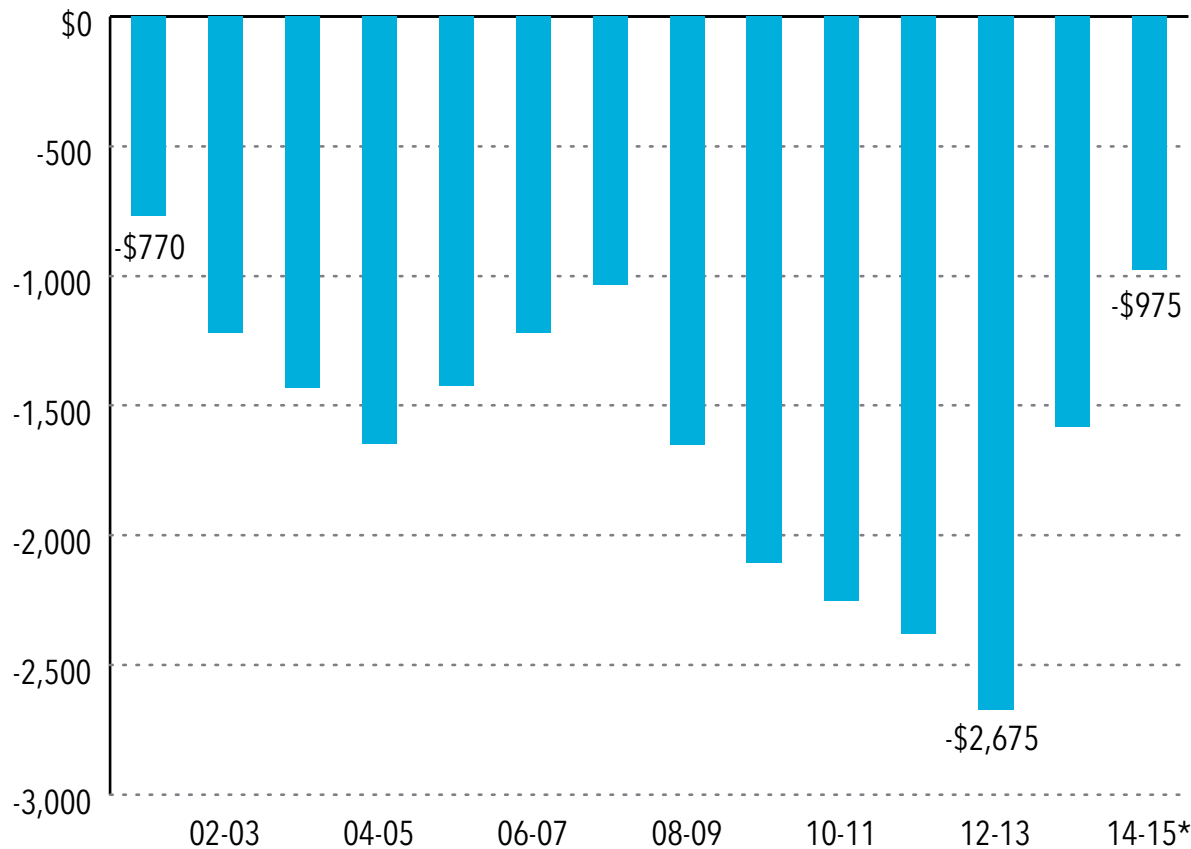
Note: Figures are in 2015-16 dollars and include federal and state funds. Child care includes CalWORKs and non-CalWORKs programs.

Source: California Department of Education and Department of Finance



California's Per Student Spending Has Gained on the Rest of the US, But Still Lags

Gap Between California K-12 Spending Per Student and the Rest of the US



*2013-14 and 2014-15 data are estimated.

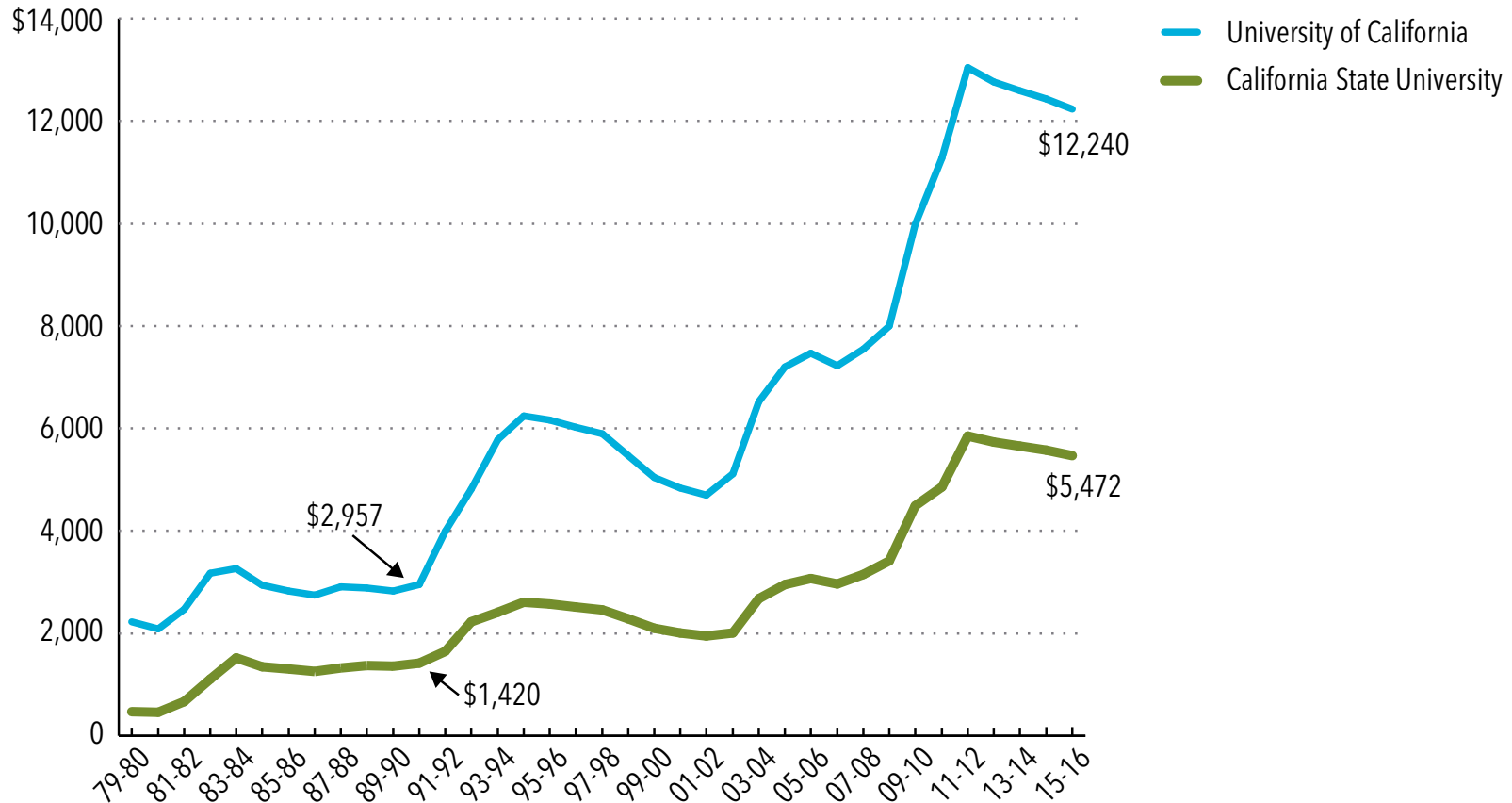
Note: Figures are in 2014-15 dollars.

Source: National Education Association



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



**A strong tax system
is one that enables the
public investments
needed to promote
widely shared prosperity.**



Make It Fair: Corporate Property Tax Reform

- **Goal:** Bring commercial property up to *market* value (from *purchase* value) for purposes of taxation.
- **Additional revenues:** Estimated at \$8-10 billion annually at full phase-in, allocated to:
 - School districts through a special fund.
 - Cities, counties, special districts via existing law.
 - Reimburses assessors for direct costs.



Other Revenue Proposals

- Alternatives for extending some facets of Proposition 30:
 - The School Funding and Budget Stability Act.
 - The Invest in California's Children Act.
- Expanding the tobacco tax.
- Creating an oil severance tax.
- Extending California's sales tax to services.
- Levying a marijuana tax (potentially attached to a ballot measure to fully legalize marijuana in California).



Broadening access to economic opportunity is one of the most critical challenges facing California.



Some Highlights of the Budget Center's Work Going Forward

- Increased focus on regional and local analyses that shed light on budget and policy choices beyond the state level.
- Regional outreach and engagement initiative aimed at deepening our work in key target areas of the state.
- Research and analysis that highlight policy solutions to economic barriers such as:
 - Severe lack of affordable housing.
 - Racial inequities in opportunity and outcomes.
 - Stagnating wages among low- and middle-income workers.





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