

# AUTHORS' PREFACE

The Children's Advocacy Institute (CAI) has published the *California Children's Budget* annually since 1993; the only exception occurred in 2003, when repeated mid-year reductions and frequent and competing budget proposals precluded any meaningful analysis of the overall budget for children. As with previous editions, the *California Children's Budget 2004–05* separates the state budgetary accounts into eight subject areas: poverty, nutrition, health, special needs, child care, education, protection (from abuse and neglect), and juvenile justice, corresponding to Chapters 2–9 below.

The purpose of the annual *California Children's Budget* is to facilitate the examination of the Governor's formal proposed budget submitted to the legislature in January and as revised in May. The *California Children's Budget* allows the Legislature and public to review the Governor's proposed budget in light of relevant trends and data affecting children.

The *California Children's Budget's* format compiles data from 1989 to the current and proposed year in two categories: "condition indicators" and "child-related spending accounts." Each chapter presents available information on the status of children relevant to the chapter's subject matter, and describes the major relevant state accounts. The account tables and figures separate out federal, state, and local sources of revenue, and adjust trend data for population and inflation changes. We use actual numbers for the current year, and are adjusting prior years for population/inflation to gauge properly actual spending trends. Tables generally include actual numbers, as well as adjusted figures.

The *California Children's Budget* adjusts the budget figures for population and inflation. These two adjustments are of special significance. Although experts and much of the public understand that the value of the dollar changes over time and that population increases (including more taxpayers added to the rolls), public officials have effectively avoided one or both of these factors in their discussion of public budgets. Hence, it has become common practice to announce a "hold even" budget for many accounts where only raw numbers are maintained, resulting in an actual 4%–6% per capita spending power reduction each year. Several years of purported "maintenance" may amount to substantial real reductions.

Congressional proposals and the block grant enactments freeze federal spending at absolute numbers, implying that the maintenance of spending at current raw numbers is a "hold even" strategy designed to slow the growth in social welfare spending. However, such "hold even" approaches reduce actual investment in intended beneficiaries. Some accounts may be unaffected by inflation or population growth and others may in fact warrant real reductions, but no discussion should ignore the most relevant data—per capita/constant dollar spending.

The *California Children's Budget's* presentation of demographic and budget information is not meant to imply that public spending is the sole determinant of child well-being. The fate of children rests with the accumulation of numerous private and public decisions, many not involving public spending, including how to plan responsibly for a child in advance, how to raise a child, and the example we set for them. But government affects the future of our children by compelling and prohibiting acts, and through direct

programs ranging from immunization to education. Government is a potent force through which society acts cumulatively and with pooled resources, and it inevitably influences private decisions affecting children.

Prior *California Children's Budgets* have indicated private and public neglect of children since 1989. For most of those years, then-Governor Wilson proposed reductions—particularly affecting impoverished children—and has so set the context of budget deliberations. The Legislature responds, often with important adjustments helpful to children in need. But the Legislature has been working from a starting point determined elsewhere. The state budget is not primarily the province of the executive. Taxation and spending are *legislative* functions, and the executive's primary function is to carry out legislative decisions—especially as to spending. Rather than responding, it is time for the California Legislature to develop its own vision for children, to affirmatively set its own priorities.

Consistent with that hope, this *California Children's Budget* presents an alternative budget, with a different starting point and different assumptions than those contained in Governor Schwarzenegger's proposed 2004–05 budget. Our alternative lists with some specificity where spending should be eliminated, changed, or added. The *Children's Budget* identifies sources of new funds. Although it advocates substantial net increases, they remain well below prior commitment as a percentage of personal income, and involve a modest and measured new commitment to our children well short of the sacrifices made by our forebearers for us. The specific recommendations are driven by condition indicator trends and outcome measures, and one of the key recommendations below asks that such information be gathered systemically so future policy is more objectively guided.