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Robert C. Fellmeth

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Who pays for the California budget cuts? Our children.

by Robert C. Fellmeth

The debate on the California budget for the next fiscal year is over relatively small matters -- with the Legislature seeking to restore minor social service spending and Republicans objecting to any rollback of recent tax cuts regardless of need or consequence. Whatever the outcome of the debate California's children will suffer the largest cut -- both in amount and in percentage -- since the emergency budgets of the Great Depression. And few are talking about it.

The cut in the governor's final budget proposal of May is actually an $11.6 billion disinvestment in children. Almost all of the rest of the $23.6 billion budget shortfall is to be made up in accounting tricks and in borrowing from future monies for children -- assuring that these cuts are not likely to be rectified in 2003 or 2004.

Ironically, the lack of leadership of our public officials is not mirrored by the electorate. According to a recent poll, 61 percent will pay more in taxes for indigent health care, and the percentage for child education investment is even higher. In contrast, the governor would add minimal new revenue -- 50 cents a package to cigarettes and a partial reinstatement of the vehicle license fee reduction -- that fee would remain 25 percent lower than its pre-1999 level.

The only real additional tax is the cigarette money, which amounts to 2 percent of the shortfall being visited on child investment ($11.6 billion), plus future obligation ($11.1 billion) to come from them down the road. Nevertheless, when this regrettable budget was proposed on May 15, the headlines in all five newspaper markets bafflingly screamed, "Governor Proposes New Taxes." Give me a break!

Our children are not living in splendor. Over 2.5 million of them live below the poverty line, with monthly family incomes in the $1,000 to $1,300 range. Safety net support (TANF – Temporary Assistance for Needy Families and food stamps combined) has been cut to a record low of 70 percent of that line. Over 600,000 of our children face serious cuts to below one-half of the poverty line as federal 60-month lifetime welfare limits kick in for their parents over the next two to three years.

Hunger among some child populations is growing alarmingly. Foster care children - literally the children of the state -- continue to be subject to "foster care drift" -- moved from place to place without a permanent parent and are still largely thrown onto the streets at 18 years of age. Over 1 million California kids qualified for medical coverage do not have it, despite federal money at a 2-to-1 match. Public school class size reduction -- started by former Gov. Pete Wilson for grades kindergarten through third five years ago -- has not been extended to other grades, and the state has now sunk to last place in classroom size again. High school standard test scores are abysmal. Child care help is available for just over one-fifth of the working poor demand.

University of San Diego
School of Law
5998 Alcalá Park
San Diego, CA 92110
(619) 260-4806
(619) 260-4753 (Fax)

926 J Street
Suite 709
Sacramento, CA 95814
(916) 444-3875
(916) 444-6611 (Fax)

Reply to:
☐ San Diego
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www.sandiego.edu/childrensissues

Higher education slots (capacity) have not increased beyond population growth from 1990 -- at a time when the future of our children demands that a much larger percentage get higher or technical training for their employment in the international labor market. From this dismal base, the reductions are many and they are momentous. Over 30 major investments in children are terminated. Another dozen are deferred -- perhaps indefinitely. Almost all new federal money for children is diverted ("supplanted") to reduce state general fund obligation.

The future borrowing of $11.1 billion includes the expropriation of the tobacco settlement money due the state over the next 22 years and intended for smoking prevention, de-addiction and health. It will instead secure a $4.5 billion bond for one-year general fund relief. Except that it will cost $7.9 billion with the interest it will compel.

What is the alternative?

Well, we can stop spending money on $1,000 awards for every kid scoring in the top 10 percent on statewide tests, among other things. But in terms of overall investment, if we take the same percentage of personal income our parents invested in many of us 25 years ago and applied it to the estimated personal income of Californians in 2002-03, we would have $12.4 billion more money expended for children than the budget proposes or will spend as approved. That legislative Republicans are "standing firm on the principle of no new taxes" indicates that their leadership of our most self-indulgent baby boomers is secure. Ironically, when Gov. Pete Wilson faced a similar problem a decade ago, he approved the coverage of most of the deficit from new taxes. That was not a conservative or liberal decision, it was a decision for our children, and thoughtful Republicans supported it then, and support it now.

The new state tax breaks enacted after 1998 will cost us $5.7 billion next year. This is why our tax base is being shredded, and we are avoiding our obligation to invest in our children. Why don't we suspend those for two years, rather than spending for children? The federal tax reductions of 2001 are even more extensive and extend to 2011. California's adults will be getting an average of about $27 billion annually. Could we share half of that with our children?

Does it matter that much of that $27 billion benefit will now come from future child investment because the surplus is shrinking? Does it matter that our total defense budget is $390 billion for 2003, with the next largest defense budget in the world (Russia's) at $60 billion? That we just reinstated enormous price supports for farmers?

We celebrated a wonderful event earlier this month -- the 226th birthday of our nation -- visionaries such as Jefferson, Madison, Hamilton, Washington ... wealthy men who risked all -- for those who followed them. As we continue to pay homage to them, we might consider our performance on behalf of those who follow us.