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California Budget Cuts for Children Largest in the History of the Nation

Children's Advocacy Institute Releases 10th Annual *California Children's Budget*

SACRAMENTO— The Children's Advocacy Institute (CAI) of the University of San Diego School of Law released its 10th annual comprehensive report on state spending for children today. The 640-page *California Children's Budget 2002–03* presents detailed information on the status of California's children, legislative and rule changes, and all local, state and federal spending on children by account, adjusted for inflation and population from 1989.

Alonzo-Diaz, CAI's Senior Policy Advocate, called the budget a "monumental tribute" to the self-absorbed baby boomer generation. "It is only fitting that on this day before we pay homage to the sacrifice of our nation's founders on her birthday, we face the most self-indulgent budget in the state's history—indeed, in the nation's history."

The *Children's Budget* contends that the projected \$23.6 billion budget shortfall is not being made up from a "balanced" assessment, but that it involves a national record \$11.6 billion in cuts—almost entirely to children—and \$11.2 billion in deferred obligation requiring yet further cuts down the road. The *Budget* contends that only 2% of the money comes from genuinely new tax revenue.

The *California Children's Budget 2002–03* makes the following points: (1) the wealthy of California are richer than anytime in history, and pay the lowest percentage of income in local and state taxes—lower than even the bottom one-fifth in income; (2) child poverty remains close to its historical high, at 2.6 million; (3) California's public school classes are again the largest in the nation; (4) new higher education slots are not increasing above population and future employment for youth depends on new capacity expansion investment—a lot of it; (5) 1.1 million California children eligible for health care coverage do not have it, despite federal money to provide it at a 2–1 match; (6) child care demand is at its highest level, and current supply and subsidy for the working poor meets about 20% of the need; and (7) the state is the parent to 101,000 foster care children and neglectfully abandons most of them at 18 years of age.

In the face of this and other need, the state will reduce public investment in children by \$11.6 billion in 2002–03 against the amount needed to hold children even from 2001–02—a record cut for the state and nation. Elisa Weichel, CAI Administrative Director, noted: "Even on a percentage basis, this is the largest percentage cut in child investment in this country since the Great Depression of the 1930s."

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The state will refuse adjustments for population/inflation in all key accounts, rescind long overdue Medi-Cal rate increases for physicians treating children, triple Medi-Cal co-pays,* delay school reform efforts, avoid further class size reduction investment, stop Healthy Families media promotion, defer parental Healthy Families coverage, cancel anti-youth smoking media education, and make over 30 major child related cuts.

Robert Fellmeth, Price Professor of Public Interest Law at the University of San Diego and CAI Executive Director, noted: "The Governor purports to move \$1.1 billion in education money from the current year to 2002–03 by delaying bills one month, and then because of the subtraction from this year and addition to the next, advertises an "8.6% increase" in K–12 spending. Current spending per pupil remains in the \$6,900 range, below Proposition 98 minimums, now back into the bottom third of the nation, and more than 30% below other major states (New Jersey, New York). Professor Fellmeth added, "We can only assume that this budget represents the *de facto* resignation of Gray Davis as the 'Education Governor.'" The 2002–03 state budget takes critical monies from counties, which deliver much safety net protection for children. It freezes and then takes much of the CalWORKs incentive payment county surplus, and assigns numerous previous state spending obligations to counties. Then it cuts \$977 million and requires the lay-off of 4,909 local workers administering social service programs*—most of them relied upon by children in need (adoptions—126; child welfare services (child abuse protection)—420; foster care for abused children—221; food stamps—976, TANF/CalWORKs safety net (70% child beneficiaries)—863, Medi-Cal—1,846. The budget diverts virtually all new federal funds—added by the Congress for additional child benefit— and expropriates it for general fund relief, including California's \$738 million from the No Child Left Behind Act.

The *Children's Budget* acknowledges that some borrowing may be warranted with a sudden shortfall, but contends that the scope here is unprecedented and will make restoration difficult in future years. It cites the Tobacco Settlement Fund, to be used not as intended for tobacco de-addiction and health, but to finance a \$4.5 billion bond for general fund relief. The pay-off will cost \$7.9 billion (at 5% interest) over 22 years of pay out—about three-fourths of the state government's share.

The *California Children's Budget* proposes an alternative budget that holds children harmless and implements a \$12.6 billion Child Advancement Fund to invest responsibly in children—at a total cost of \$24.9 billion. Nine sources for \$35 billion in revenue are itemized.

The *Budget* points out that today's adults had parents in 1978–79 who invested more while they had less. The *Budget* takes general fund spending—primarily for children—as a percentage of personal income 25 years ago; that same percentage today would yield \$12.4 billion more than the Governor's proposal for 2002–03. Alonzo-Diaz commented: "This is a test of courage and leadership for the Governor and Legislature. If they let the fear of being called 'tax supporters' stop them from protecting children and investing in our future, they need to be defeated at the polls. We need a new call from the public and media... tax us, borrow, do what you have to do ... but protect and advance our children. It is the resolve of our forefathers to do just that we celebrate tomorrow."

To obtain a copy of the *California Children's Budget 2002–03* or the Executive Summary, contact the Children's Advocacy Institute at (619) 260-4806. The document will also be available on the Internet at www.sandiego.edu/childrensissues.

**As proposed by Governor Davis in his May Revise; these proposals may be revised by the Legislature.*

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