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CHILDREN'S ADVOCACY INSTITUTE RELEASES CALIFORNIA CHILDREN'S BUDGET 2000-01

SACRAMENTO - The first impression of California's 2000-01 budget is one of a \$12.4 billion surplus invested in education, social programs, and tax relief for all Californians. In fact, the budget constitutes an eleventh straight year of disinvestment in children most in need, yet again neglecting a developing underclass of impoverished children projecting to over one-third of the future population.

The Children's Advocacy Institute (CAI), of the University of San Diego School of Law, today releases its eighth annual California Children's Budget. The California Children's Budget 2000-01 is a 650-page analysis of recent condition indicator data (with 2,000 endnotes specifying sources); legislative and court developments; major child-related federal/state/local spending from 1989, adjusted for inflation and population; the Governor's proposed levels as revised in May; and recommended spending. According to the report, the budget sent to Governor Davis reflects three continuing flaws:

- (1) Impoverished children are not a major investment priority, even with available funds.
- (2) The tax base feeding the general fund continues to be eaten away year after year through deductions and credits now amounting to over \$32 billion; by 2002, the new budget will increase the deductions and credits by another \$2.2 billion, only 18% of which is child-related.
- (3) Much of the new money directed toward children is "one time only" spending, because of the Davis Administration's stubborn antipathy to "adding to the base."

The budget does include some important benefits for children, including increased funding for K-12 education (including important incentives and investment in teacher supply and quality), overdue increased physician reimbursement rates, child health enrollment outreach, some higher education additions (including substantial Cal Grant funding increases), and increases to child care help (including a refundable tax credit).

But it is important to look at the empty part of the glass, to consider what portion of it is being filled, and how much of that investment will continue. Accordingly, the report's findings include the following:

- The 2000-01 overall investment in children, as a percentage of Californians' personal income, is significantly less than that made twenty years ago. "The source of most child spending is the general fund; if we collected the same percentage of total personal income for it as did our parents, we would have \$3.5 billion more-above and beyond our \$12.4 billion surplus. Although the Governor rejects most additions to the future spending base, he and the Legislature do not hesitate to subtract from the future revenue base," noted CAI Executive Director Robert C. Fellmeth. "Tax benefits generally continue forever unless affirmatively ended, and that requires a two-thirds vote. They are magnets for special interest advocacy and can sacrifice long-term investment in children for short-term gain by voter blocs-a priority different than that of our parents and grandparents," Fellmeth added.

"During the past ten years, California has allowed its commitment to the children of this state to slip away," said Senator Martha Escutia (D-Montebello), who hosted the official release of the report at the State Capitol. "I was hopeful that with the multibillion dollar surplus this year, the Legislature and the Administration would make a renewed commitment to protecting the most helpless and innocent victims of poverty."

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· In addition to gradual reduction of the general fund itself, the proportion of general fund spending going to children has gone from 84% in 1980-81 to 76% in the 2000-01 budget. About 20% of the surplus will directly address the most important child-related needs. "In sum, we would be spending \$9 billion more on children if we accepted the same burden and priority of our parents," stated CAI Senior Policy Advocate Kathy Dresslar.

· Although the K-12 education base has been increased by more than the token amount for 1999-2000 (which was one-quarter of 1%), it still remains well below the national average, especially when one subtracts the "one-time expenditures." Items such as the teacher supply, incentives, and low-performing school investment are welcome, but California remains at second from the bottom of the nation in student class size for grades 4-12.

· The budget has a welcome \$195 million for refundable child care credits for the working poor, but the need here is five times that level. "We also need tax incentives for quality and supply increase in communities where more child care is needed," Fellmeth stated.

· The budget includes no Earned Income Tax Credit targeted to the working poor and most in need of a boost toward self-sufficiency (unlike Minnesota, New York, and other states). Meanwhile, basic safety net support is down to 73% of the poverty line, and many children of those leaving TANF rolls remain below the poverty line and are hungry.

· The budget includes funds for "Healthy Families" outreach; however, only 4% of California's kids who are uncovered are ineligible for public medical coverage. Fellmeth noted, "To bar that 4% from receiving medical services, we have over fourteen fragmented programs with separate barriers. Under the adopted budget, over one million eligible children will remain uncovered. We have \$4.3 billion in federal Children's Health funds (at a 2-1 match), and 80% of it will be sent back to D.C.-the largest give-back of federal money in the nation's history." The California Children's Budget 2000-01 proposes that California cover all children, providing universal preventive care, and if a child of a parent earning over 300% of the poverty line receives substantial medical services, bill the parent post hoc on a sliding scale. The state could then use remaining federal funds and red tape savings on tax credits to employers for part of their contribution to private coverage of dependents under 300% of the poverty line.

· The budget does not include adequate funding for prevention: a needed crusade through advertising, public education, and parenting education in our schools. California should use the skills of Madison Avenue to promote respect for each child's basic right to be intended by two parents. The 30% unwed birth rate has leveled, but remains near historical highs, and contrary to perception, the vast majority of those births are to adult women. On the paternal side, although child support reforms have almost doubled collection, the average amount collected for almost four million California children is \$24 per month per child owed support by an absent parent (of which government keeps \$10).

· Although the budget adds new funds for higher education, it is not increasing capacity beyond population growth from 1990. "We must `add to the base' significantly beyond population growth so our children will have jobs in the future international economy," Fellmeth declared.

"Big steps were made in both education and child care," Escutia said, "but there's still a tremendous unmet need for resources for adequate nutrition, housing and aid to poor families."

Tom Brokaw's book about "The Greatest Generation" notes their sacrifice for their children, today's adults. This budget reflects the eleventh year of the baby boomer generation's neglect of its obligation to "pass it down the line." The attached list indicates another year of California avoidance of recommended budget investments for children.

To obtain a copy of the California Children's Budget 2000-01, contact the Children's Advocacy Institute at (619) 260-4806.