

CALIFORNIA BUDGET PROJECT

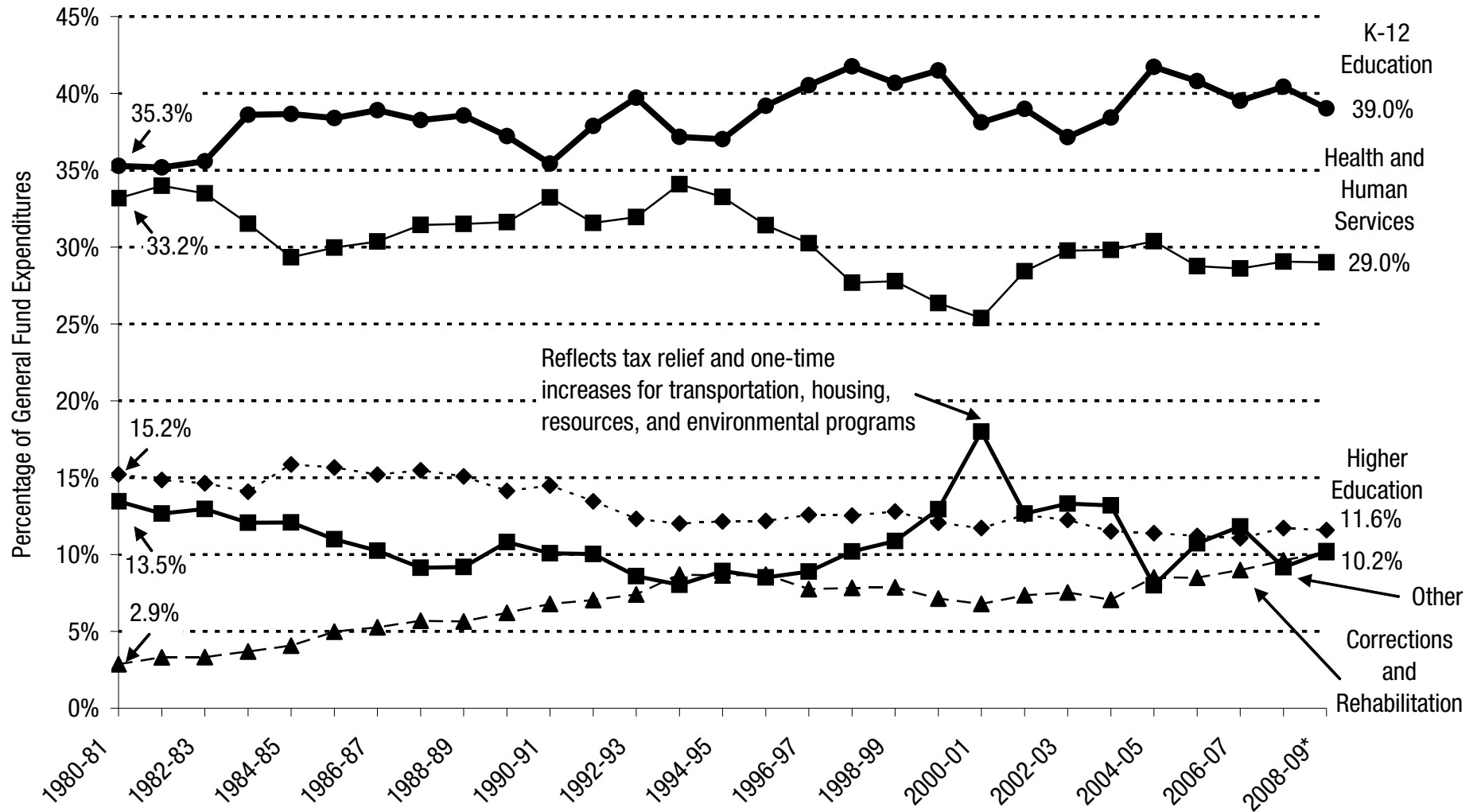
# Two Steps Back:

## Should California Cut Its Way to a Balanced Budget?

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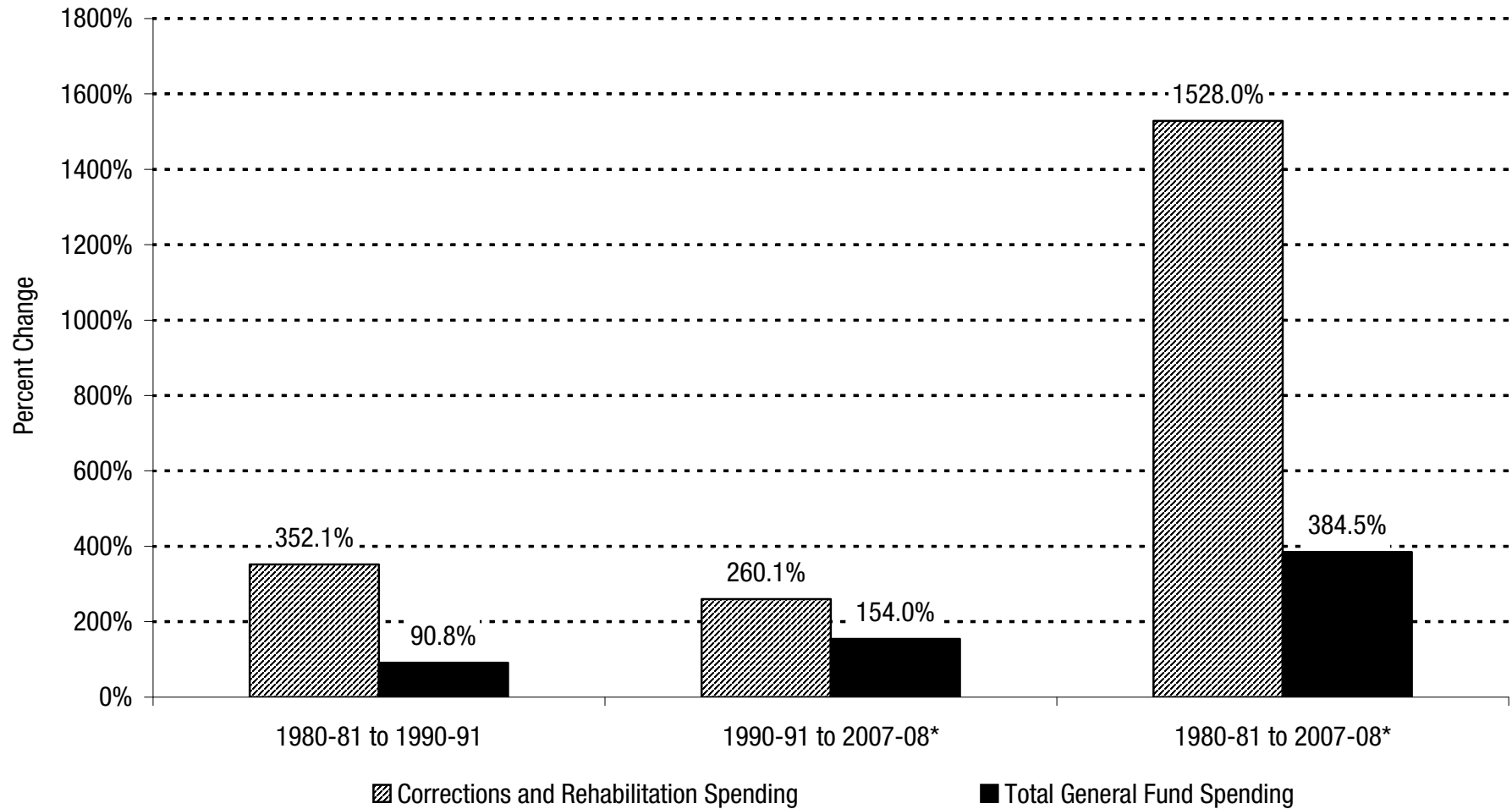
A PRESENTATION BY  
SCOTT GRAVES, SENIOR POLICY ANALYST  
March 2008

## K-12 Education Accounts for the Largest Share of State General Fund Spending



\* 2007-08 enacted and 2008-09 proposed.  
Source: Department of Finance

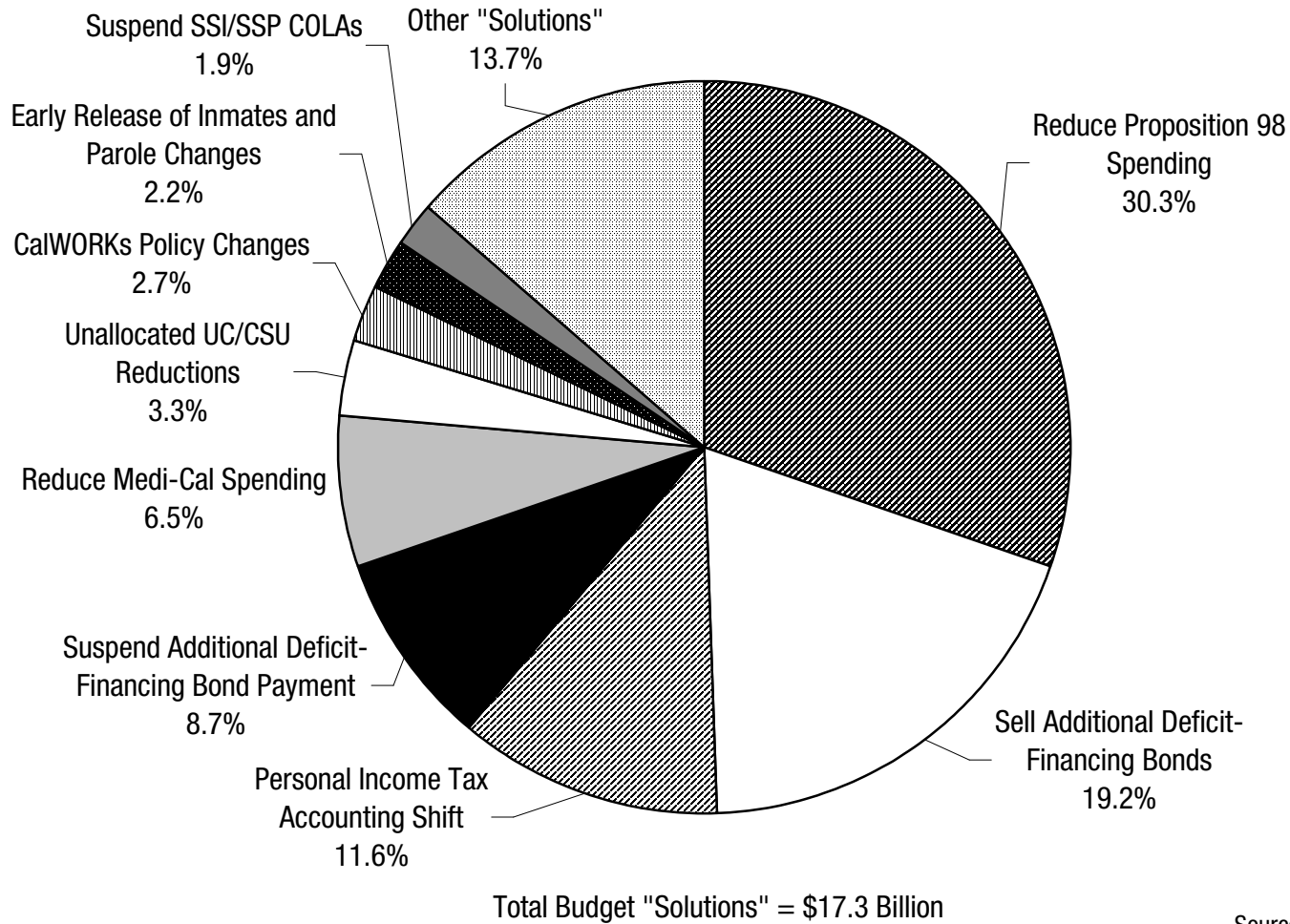
## Corrections Spending Has Grown at Nearly Four Times the Rate of General Fund Spending as a Whole



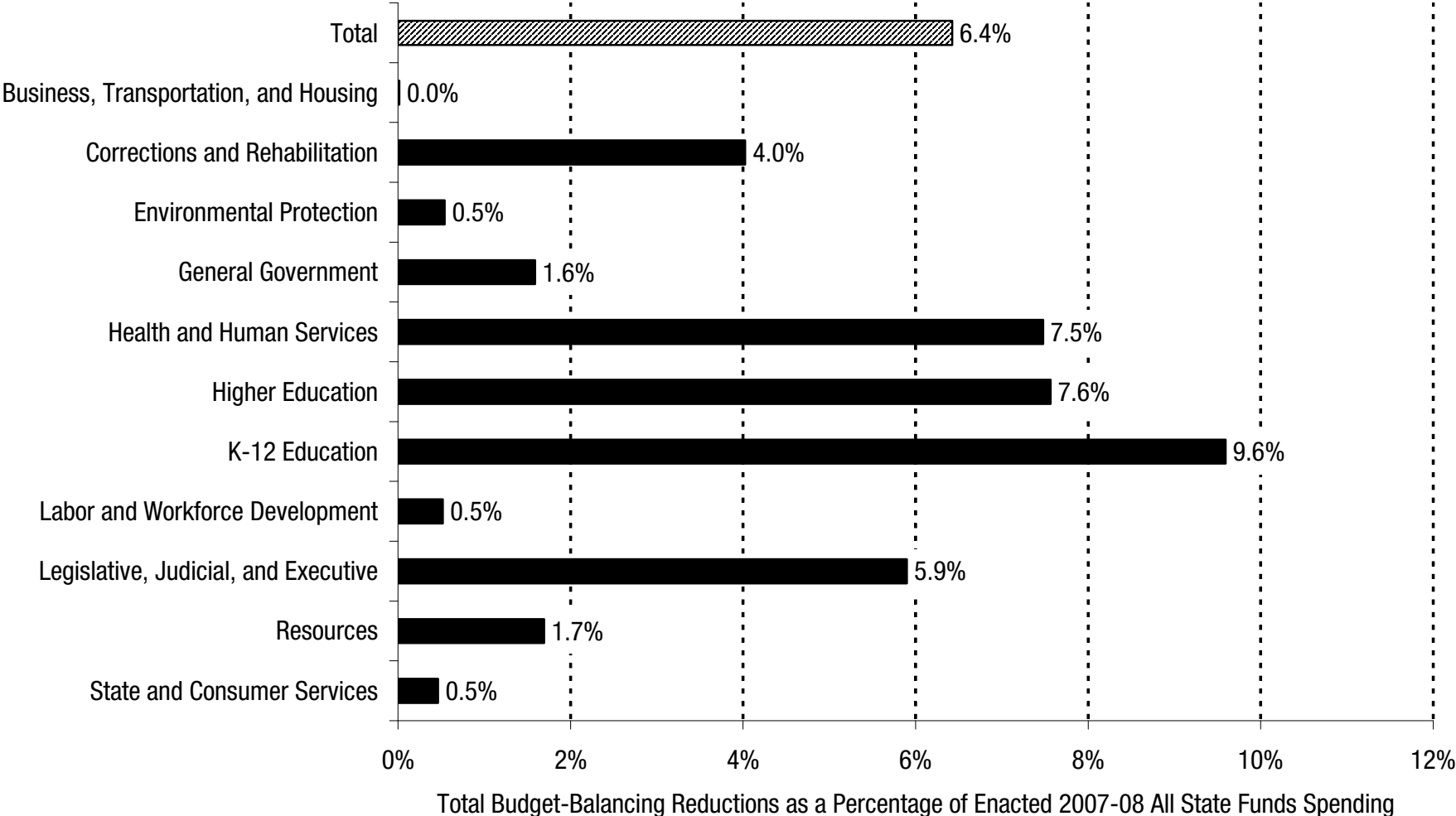
\* 2007-08 enacted.

Source: Department of Finance

## How Does the Governor Propose to Balance the Budget? Percentage of Proposed Budget "Solutions"

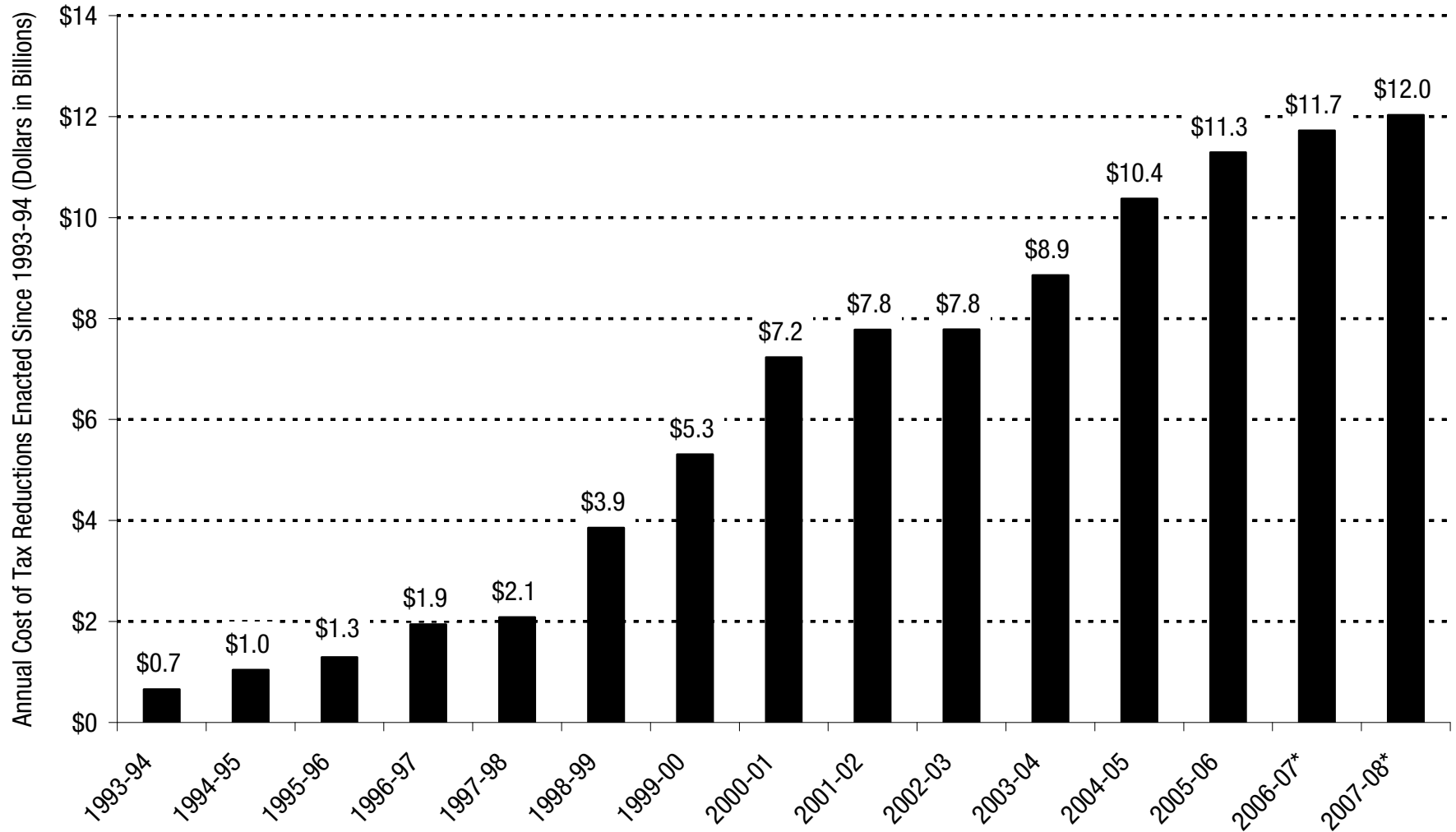


## The Impact of Budget-Balancing Reductions Varies by Program Area



Source: Department of Finance

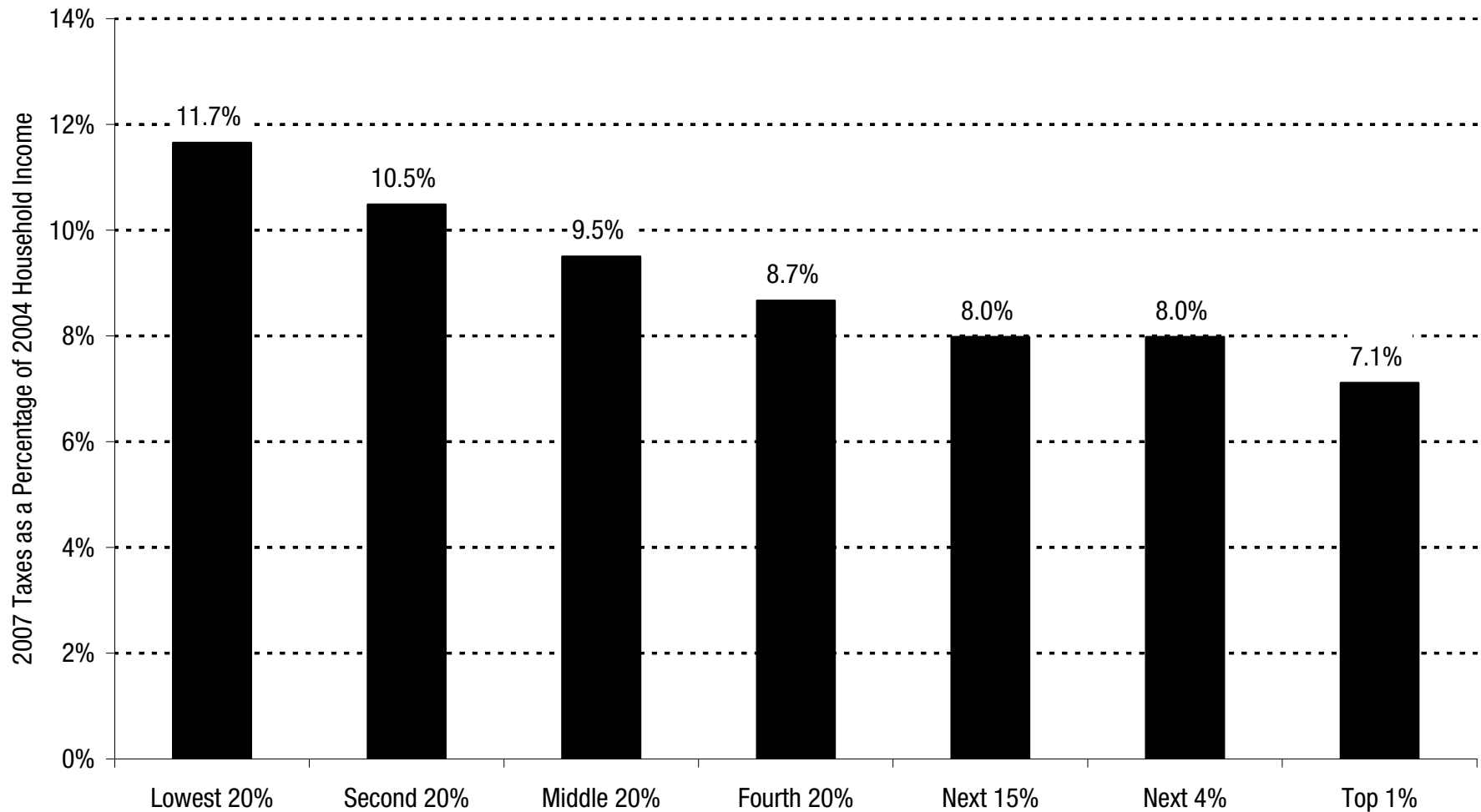
## Tax Cuts Enacted Since 1993-94 Will Cost \$12 Billion in 2007-08



\* 2006-07 and 2007-08 estimated.

Source: Assembly Revenue and Taxation Committee, Board of Equalization, Department of Finance, Franchise Tax Board, and Legislative Analyst's Office

## Lowest-Income Households Pay the Largest Share of Their Income in State and Local Taxes



Note: Includes offset for federal deductibility of state taxes.  
Source: Institute on Taxation and Economic Policy