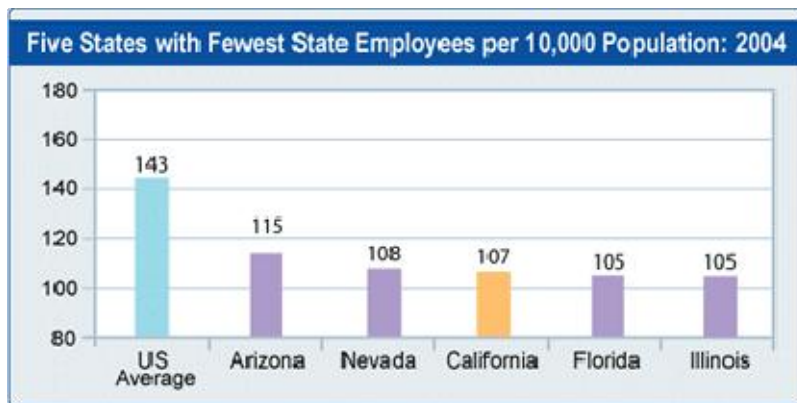


BUDGET QUIZ ANSWERS

1. State Employees: The 50 states in the U.S. have an average of 143 state employees for every 10,000 people. How many state employees per 10,000 people does California have?

California has 107 state employees per 10,000 people. California is **far below** the national average for state employees relative to population. California ranks 48th in the nation in state employees relative to population. California ranks 44th in the nation in state and local employees relative to population.



2. University Tuition: The average tuition paid by students attending California's public colleges and universities is:

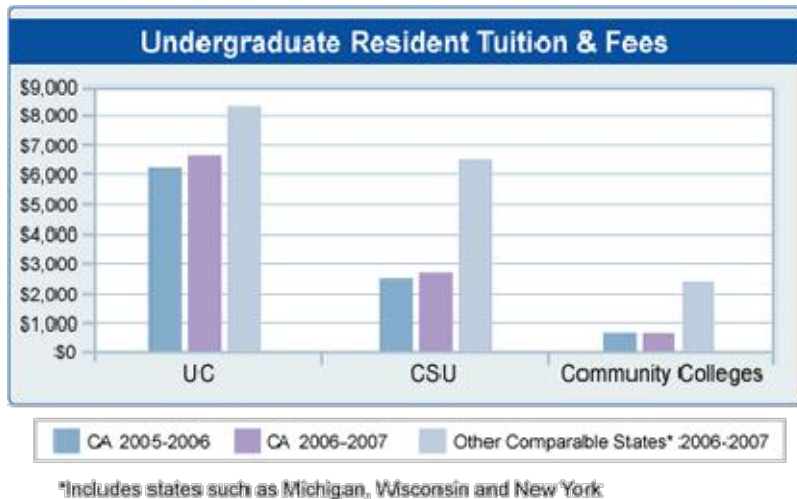
*The correct answer is: The average tuition paid by students attending California's public colleges and universities is **lower** than the national average.*

In 2005-06, tuition for a California State University (CSU) student was \$2,520 per year. The average for other comparable states is almost \$6,000 per year.

At the University of California (UC), tuition was \$6,652 versus \$7,341 in other comparable states.

At our Community Colleges, tuition and fees are \$780 per year, compared to \$2,155 in other comparable states.

Comparable states include Michigan, Wisconsin and New York, among others.

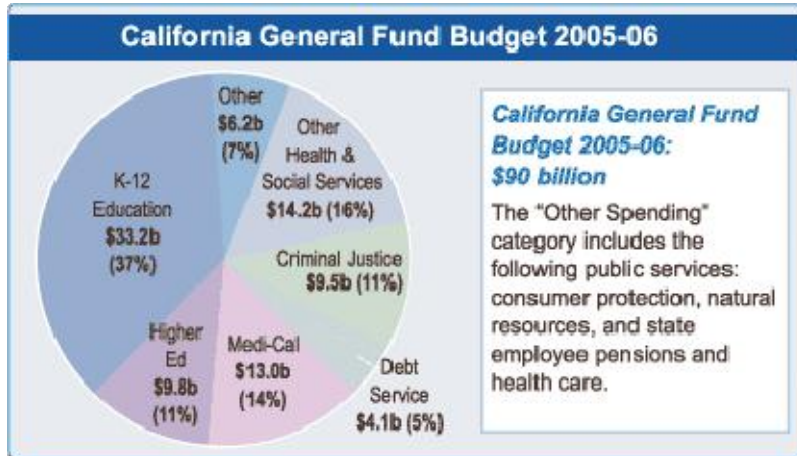


3. State Spending

A. The biggest spending area of California's state budget is:

The correct answer is: **The biggest spending area of California's state budget is K-12 education.**

K-12 education received \$33.2 billion of the state budget of \$90 billion in 2005-2006.

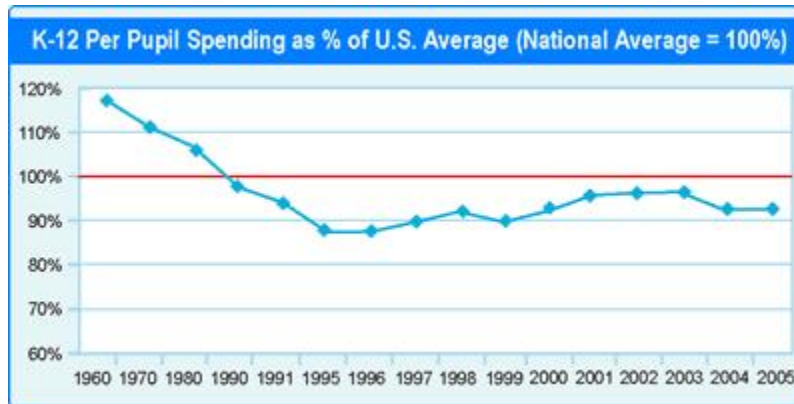


B. How much money does the state spend on each K-12 student?

The correct answer is: **California's per pupil spending of \$7,815 in 2004-05 is below the national average of \$8,554.**

We spend \$739 less per student compared to the national average -- ranking 30th among all states.

California has been below average in per student spending since the passage of Proposition 13 in 1978.

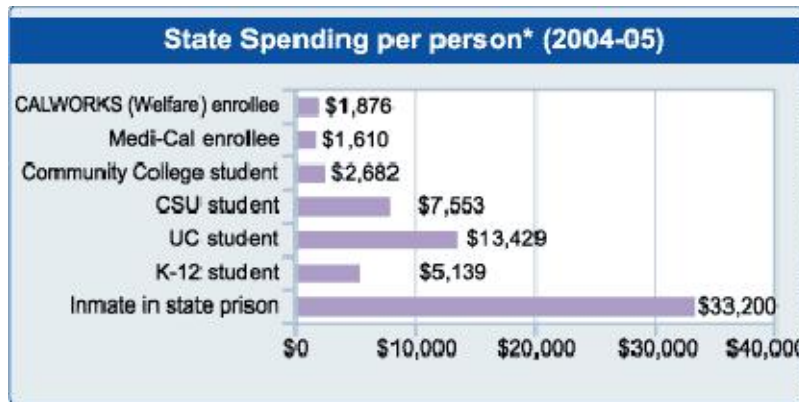


C. Does the state spend more on each K-12 student or on each inmate in state prison?

The correct answer is: **The state spends more on each inmate in state prison than on each K-12 student.**

In 2004-05 the state budget spent \$31.6 billion on K-12 education and \$8.6 billion on criminal justice programs (state prisons, trial courts and juvenile justice).

As shown in the graph below, we spent more per inmate in state prison (\$33,200 in 2004-05) than for enrollees in any other major state program.



*Source: LAO; Includes only state budget share of spending. Does not include all spending. For example, total operating spending per K-12 pupil was approximately \$7,800 in 2004-05.

4. Tax Revenues

A. The biggest source of income for the state is:

The correct answer is: **The biggest source of revenue for the state is income taxes, followed by sales taxes.**

Income taxes contributed \$43 billion last year to the state's *general fund* revenues of \$90 billion. Sales taxes contributed another \$27 billion.



B. Does California have higher taxes than other states?

The correct answer is: **Yes and No**. California is an average tax state.

Californians spend about 11% of their total income in state and local taxes. California ranks 20th in the nation when you take all state and local taxes as a percent of total personal income. California has been close to the national average for most of the past 25 years.

The reason that the answer is "yes and no" is that California income tax and sales tax payments are slightly above average while our property tax payments have been below average since the passage of Proposition 13 in 1978.



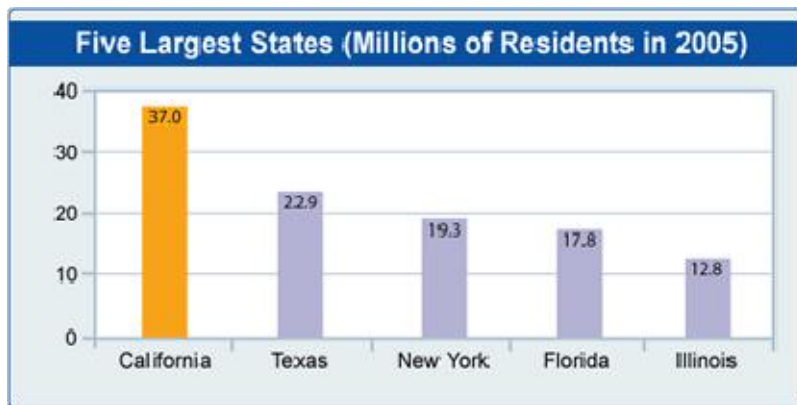
5. Population

A. How many people live in California?

The correct answer is: **30 to 40 million.**

California had 37 million residents in 2005.

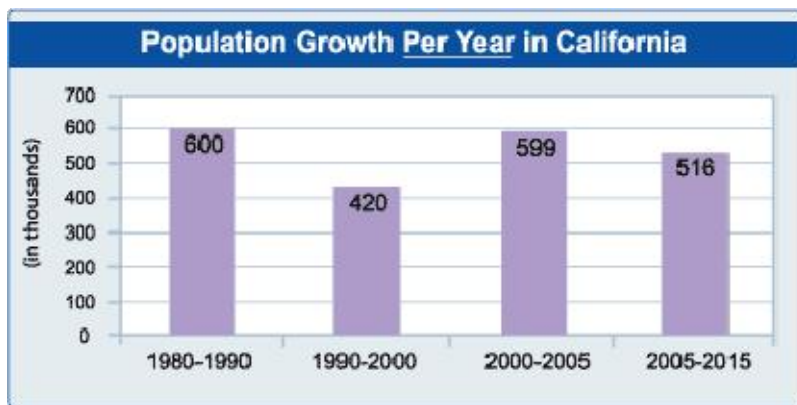
California has more people than any other state. California has 12.5% of the nation's 296.4 million residents.



B. By how much does the state's population grow each year?

The correct answer is: **400,000-800,000 people per year.**

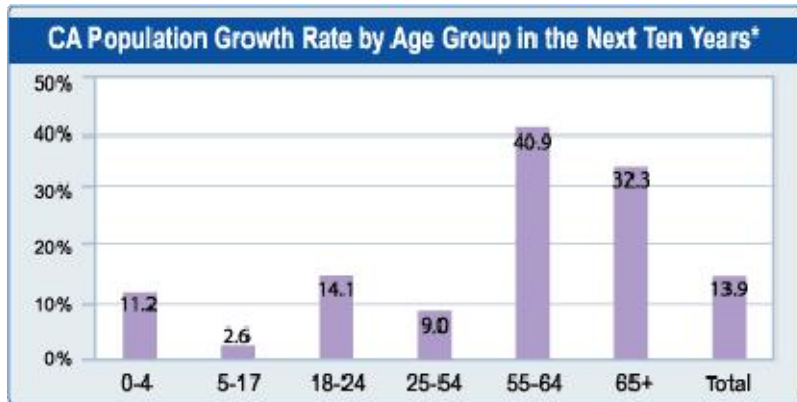
California is projected to add approximately 520,000 residents each year between 2005 and 2015.



C. What is the fastest growing segment of our population?

The correct answer is: **Adults over age 55.**

The fastest growing segment of the population are adults over the age of 55 who will grow by 41% over the next ten years, followed by adults over the age of 65 who will grow by 32%.

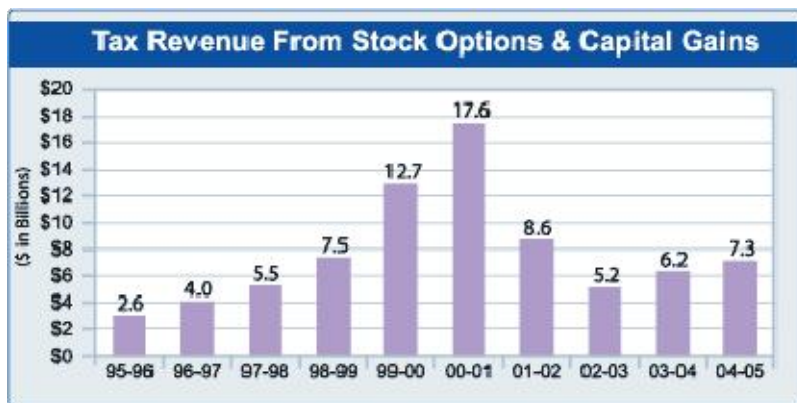


*projected growth rate from 2005-2015

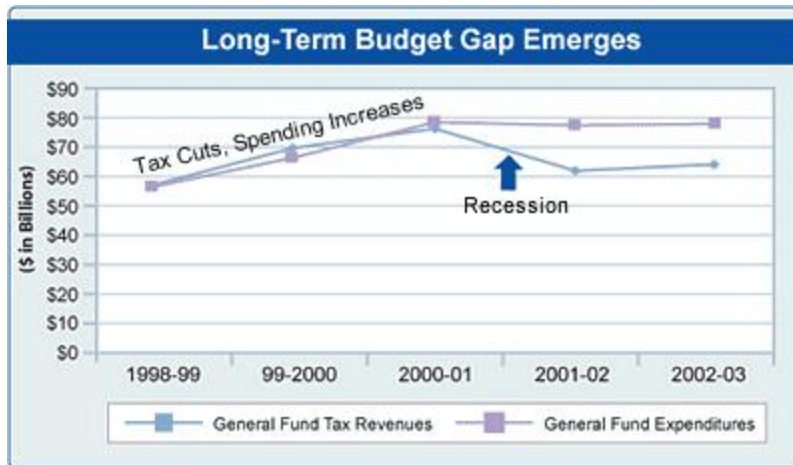
6. Budget Crisis

How did the state get into the ongoing budget crisis that started in 2000 and has yet to be resolved?

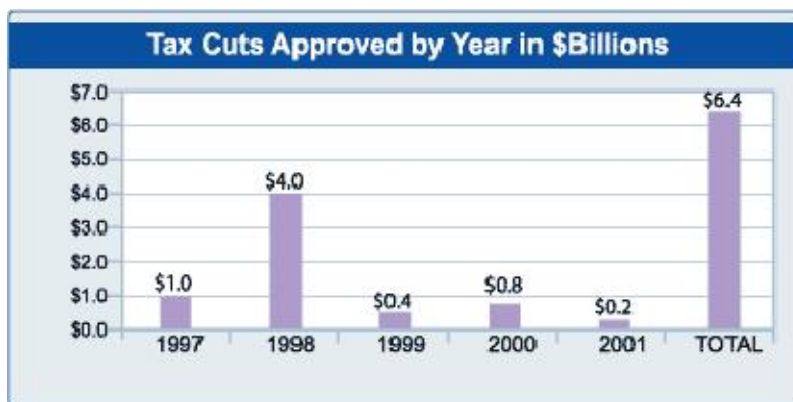
The correct answer is: **All of the above.** The graphs below illustrate how all of these statements are true.



State revenues increased rapidly during the stock market bubble in the late 1990's. Income tax revenues—mainly from stock options and capital gains—experienced the biggest hike. Stock market related revenues then dropped by more than \$10 billion when the bubble burst.



Spending increased by more than 30% along with revenues during the bubble. Then spending stayed flat at its heightened level, even though revenues dropped. Spending increases went primarily to education and health care.

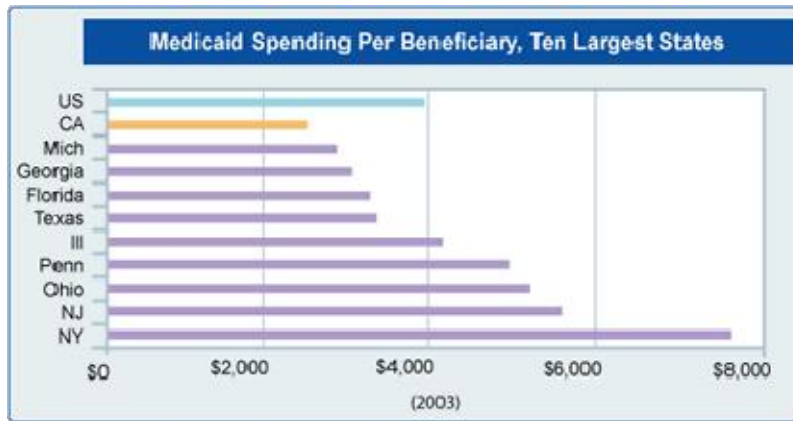


Tax cuts were enacted during the period of economic growth (1998-2000). These tax cuts reduced state revenues by \$6+ billion. The tax cuts went primarily to vehicle license fee reductions (\$4 billion) and income tax reductions.

7. Medi-Cal

A. Are average Medi-Cal costs per patient in California higher or lower than most other states? Medi-Cal is the program that provides low cost health care for poor and disabled residents.

The correct answer is: **Average Medi-Cal costs per patient in California are lower than most other states.**



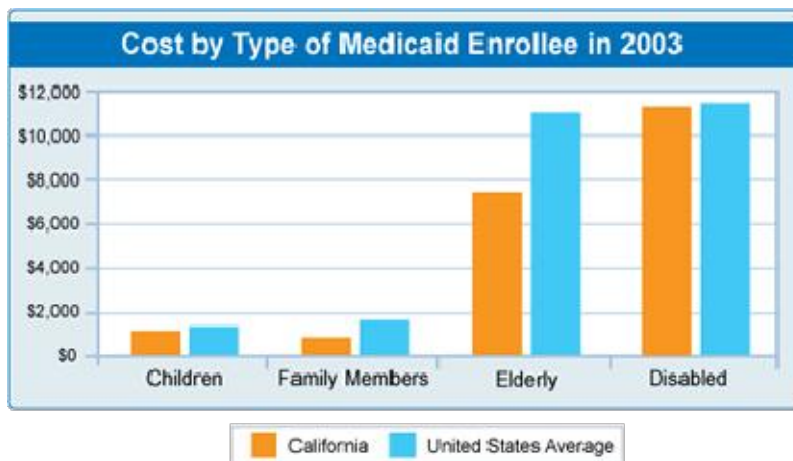
The average Medi-Cal cost per patient in California is \$2,472, which is much lower than in other large states and lower than the \$3,947 national average.

California has an above-average share of young Medi-Cal enrollees who are less costly to serve. California spends less than the national average for all types of patients in part because California has a high share of patients in managed care (HMOs).

Even so, Medi-Cal costs are rising rapidly in California and elsewhere.

B. How much does it cost the state per year to provide medical care to the average child in the Medi-Cal program?

The correct answer is: **The average child enrolled in Medi-Cal costs approximately \$1,000 per year to serve.**



According to a recent study by the Public Policy Institute of California, Medi-Cal costs are concentrated in a few high cost cases, most of which are for disabled and elderly residents. Half of Medi-Cal patients cost less than \$200 a year to serve while the most expensive 5% of patients cost \$13,000 a year to serve.

The least-expensive 75% of patients used only 6% of Medi-Cal health care dollars while the most expensive 5% of all cases accounted for 60% of total costs. The high-cost cases are generally for hospital stays and nursing home care.

Source: PPIC, [Medi-Cal Expenditures: Historical Growth and Long Term Forecasts](#)

For more information or to contact someone at Next Ten, please email info@nextten.org, call 650-321-5417, or visit www.NextTen.org.