## Table of Contents

Why We Are Asking “What’s Next California?”  

A: The Initiative Process  

B: Legislative Representation  

C: Government Restructuring: State and Local  

D: State Tax and Fiscal Policy  

Glossary  

Academic Advisory Group  

Project Advisory Committee and Funders
Why We Are Asking “What’s Next California?”

The unprecedented challenges faced by California government over the past few years provide an unparalleled opportunity to reform it. Californians demand more from government than it has delivered recently: gridlock, partisan fights, and year after year of deficits. This crisis has led people across the state to consider major changes, innovative steps that are bold enough to match our enormous challenges. The hope of reform leaders is that changing our constitution will change not only the way that Sacramento works, but will improve government’s role in providing the things that we care so much about: high-quality schools and universities, a thriving economy, protected natural resources, and healthy and safe communities.

The budget crunches and political stalemates that we’ve heard so much about have highlighted the flaws in our current governing structure, which produces:

- **Billion dollar deficits that never seem to go away, that are patched up with short-term fixes but never truly solved.**

- **A widening gap between what Democrats and Republicans want, both in Sacramento and across the state, with voters in the increasingly Democratic coastal areas and increasingly Republican inland areas struggling to find common ground.**

- **An citizens’ initiative process that has given us both ballot initiatives that spend money on new programs and propositions that limit our ability to raise taxes or other revenues to pay for them.**

- **A taxation structure that brings in lots of money to state and local governments in boom times that disappears in bust years.**
All of these combined factors have lead to gridlock, bitter partisan battles, and historically high levels of voter dissatisfaction with California government and the services that it provides. More importantly, we have seen our school budgets cut, our law enforcement and social safety net slashed, and a revenue roller coaster that leads to tax increases and rises in fees for everything from university tuitions to parking tickets.

The question is, “What’s Next California?” What steps can we take to fix this, to change the rules of how state government works, so that it will work better across our state?

The answer has to come from the people of California, given the chance to come together to take a close look at a range of options for reform. That’s why we are assembling 300 of you for a weekend. What we are doing is fundamentally different from the approaches that have been tried before. This is not like telephone polls that attempt to boil down complex issues into quick questions, never giving respondents the chance to discuss these vital topics with anyone. This route to reform is different from the way we have rewritten our constitution on the fly in recent decades, passing one initiative at a time with only the groups that can raise enough money to run big campaigns succeeding at the ballot box. Instead, we are bringing a microcosm of California to a regular city for a weekend to chart a new path to meeting the difficult challenges our state now faces.

Providing answers to the tough question of what’s next takes work, and working together. It takes talking with fellow Californians from all parts of the state and all walks of life, in order to find out what we all want from our government and from the policies that affect the private sector. It takes learning about unfamiliar reform proposals that take different approaches, but are all designed to get us to a more representative and accountable government that delivers the policies Californians desire. It requires open and honest discussions about the pros and cons of each reform, in order to come up with new visions of the California we want for the next century.
How Does a Deliberative Poll Work?

Pioneered by James Fishkin at Stanford University’s Center for Deliberative Democracy, Deliberative Polling® is an attempt to use public opinion research in a new and constructive way. Fishkin and his collaborators Robert C. Luskin and Alice Siu have conducted Deliberative Polls in sixteen countries. The polling process reveals the conclusions the public would reach if people had the opportunity to become more informed and more engaged by the issues. You are part of a random sample of Californians, reflecting the state’s geographic and demographic diversity, who will meet for a weekend to talk about the problems facing our state and some proposed solutions. After you arrive in Torrance, you will answer a survey, and then be randomly assigned to a small group to discuss the issues. As part of your small group discussions, you will develop questions to ask a balanced panel of experts on each issue. At the end of the event, you will fill out another survey. With your anonymity protected, what you say will be shared with the larger public and with opinion-leaders and policy-makers. These informed views often challenge the conventional wisdom about public priorities and concerns.

How Will This Lead to Reform?

In recent years there have been many individual efforts to address some of the problems facing government. Often fragmented and limited in their success. Today, many of the organizations pursuing reform have come together to work collaboratively toward positive change. Through “What’s Next California?”, these organizations are reaching out to Californians to find out what they want from and for their government. The project is being organized by the New America Foundation, California Forward, the Public Policy Institute of California, the Nicolas Berggruen Institute, Common Sense California, Stanford’s Bill Lane Center for the American West, and California
Common Cause. The Deliberative Poll is being managed by the Center for Deliberative Democracy at Stanford and PBS’s MacNeil-Lehrer Productions’ By the People project. The process and findings will be watched closely by reform groups, policymakers, and the press, setting the agenda for the next steps for changing government in California.

What Is In These Background Materials?

In this packet, you will find information about the basics of how California government works today, and analyses of proposals to change it for the future, in four areas:

A. The Initiative Process
B. Legislative Representation
C. Government Restructuring: State and Local, and
D. Taxation

At the end of the packet is a glossary that defines some of the unfamiliar terms that are used in debates about how government should work. A lot of this material will be new and confusing; don’t worry, at the event everyone will be able to learn more from trained moderators, expert panelists, and your fellow participants. Thank you for looking over this material and thank you for devoting your valuable time to taking on this critical civic duty.
A: The Initiative Process

The legislative power of this State is vested in the California Legislature which consists of the Senate and Assembly, but the people reserve to themselves the powers of initiative and referendum.

— California Constitution, Article IV, Section 1.

This year marks the 100th anniversary of the creation of California’s initiative process, a system designed to put lawmaking power in the hands of the people. The initiative allows voters, often acting in organized groups, to collect signatures in order to put a new law or a change to the state constitution before their fellow voters on the ballot. Placed in the California constitution by reformers who saw state government as corrupted by special interests, the initiative process was designed to make politicians more responsive to voter needs, and to help voters to get around politicians when they are not responsive. Today, many worry that the initiative process often no longer works the way it was designed, and that special interests have taken over the very process designed to limit their power. To renew the initiative process for its second century in California, modern reform proposals have been aimed at:

- **Leveling the playing field between special interests and the public interest**

- **Returning control of the initiative process to its grassroots origins by giving ordinary voters the information they need to make decisions that reflect their values**

- **Making the process more flexible and giving opportunities for citizens, organized groups, and lawmakers to have input on initiatives**

In this section, we give the history of the initiative process and the way it works today, often comparing California to other states. We then note some questions you might think about to decide how you would like to see the process work, and then consider
some proposals to change it. Though they take different approaches, all are aimed at creating a reshaped process that delivers sound policy and brings government in line with the will of the people.

History

The framers of the U.S. Constitution, it is fair to say, did not want a direct democracy. Instead, they chose a representative democracy, where voters give law-making powers to their elected officials. They were afraid that direct democracy would help majority groups ignore individual and minority rights as well as the long-term interests of society as a whole. Elected officials, they believed, would pay attention to what the public wanted, deliberate, and make wiser laws.

Over time, though, reformers became frustrated with representative government, believing that it too often ignored the people’s wishes. Near the turn of the 20th century, California and other states introduced direct democracy into their state constitutions, creating mixed systems that aren’t either purely direct or completely representative. Twenty-four states have now adopted some kind of statewide initiative process. The process is not the same in every state. Some states have strict rules for creating and passing initiatives, so citizens in these states rarely use the process. Other states, like California, have rules that encourage citizen lawmaking, so these citizens use the process more often. Since California adopted the system a century ago, it has used the initiative more often and with more dramatic results, than any other state.

There is no limit on the number of initiatives that can appear on the ballot. Between 1914 and 2010, Californians approved 115 statewide initiatives (the most by any state during that period), but have done this unevenly. After a surge of citizen lawmaking, Californians largely abandoned it during the 1950s and 1960s, when they adopted only five statewide initiatives. In the 1970s, though, the initiative process began a dramatic rise which continues even today. Partly, this may be due to Proposition 13—a notable 1978 statewide measure that reduced property tax rates and restricted the taxing powers of state and local government.
California allows citizens to use the initiative process both to enact statutes, or laws, and to amend the state constitution. Over time, Californians have adopted 64 initiative statutes, 42 initiative constitutional amendments, and 9 initiatives with combined constitutional and statutory aspects. Initiatives need only a simple majority of the vote to pass. They usually pass only by narrow margins (only 12 of the state’s 115 successful initiatives passed by a 2/3 margin or more).

The initiative process has been embraced by activists, interest groups, elected officials, and voters across the political spectrum. Over the years, California voters have used the initiative process to cut taxes, increase taxes, mandate spending, reinstate the death penalty, abolish affirmative action, impose term limits, reorganize government agencies, legalize medical marijuana, protect the state’s coastal zone, authorize embryonic stem cell research, regulate toxins, and much more. Many voter-approved initiatives have significantly affected the state budget, and many have limited the power of the legislature. Both supporters and critics understand that direct democracy in California has become no less than a fourth branch of government.

Note: California voters also adopted four initiatives in 2010.
How the Initiative Process Works

So how does California’s initiative process work? It has four main stages: drafting, signature-gathering, the election, and the post election period.

1. Drafting Stage

The first step in passing an initiative measure is to write the text of the proposed law. The initiative’s supporters can get help from the Office of the Legislative Counsel to write the language. But these supporters can, and usually do, pay for expert help to draft the text, or they sometimes do it themselves. Next, they pay a $200 fee and give the proposal to the Attorney General, with a written request for a title and a summary of the main purpose and points of the initiative. Importantly, they cannot change the measure’s language after giving it to the Attorney General.

The Attorney General then creates a circulating title and the official summary of the initiative. Proposals for new spending or new tax cuts are not required to say how they will be paid for. The Attorney General includes an estimate, prepared by the independent Legislative Analyst, of any increase or decrease in revenues, or costs to the state or local government.

2. Qualification Period

In the second stage, the initiative’s supporters are allowed up to 150 days to circulate petitions and collect signatures. To qualify for the ballot, the measure must be signed by a certain number of registered voters, which depends on the type of initiative measure submitted. (It is either 5 or 8 percent of the total votes cast for governor at the last election.) Only registered voters can sign in their county of registration. Next, signatures are filed with county elections officials, who certify and forward them to the Secretary of State. Today, the number of signatures needed is 504,760 for initiative statutes and 807,615 for initiative constitutional amendments. Initiative supporters must gather extra signatures to make sure they have enough valid ones. Almost always, they hire petition gatherers to help with this process, which is expensive and can be a barrier for many groups who want to place a measure on the ballot. Finally, the legislature must conduct public hearings on the proposed initiative. However, it can make no changes to the measure, and the hearings often receive little public attention.
3. Election

Once the Secretary of State certifies that the initiative has enough valid signatures, the measure goes on the next statewide ballot. The Secretary of State writes the official voter information guide, with the full initiative text, title and summary, plus a neutral analysis and arguments for and against the measure signed by its supporters and opponents. The ballot title and summary by the Attorney General can be controversial, and at times, they are challenged in court. Though only one in three voters say that the official ballot pamphlet is the “most helpful” information source, it is the single leading resource for voters to get information about initiatives. The rest say they rely on a variety of other sources, including radio and television ads, the internet, and media coverage in making their decisions. Spending on initiative campaigns varies widely, from near-zero to tens of millions of dollars. Research shows that heavy spending on advertising in favor of an initiative does not guarantee its success, but big spending by opponents can often ensure its defeat. Throughout the history of the California initiative process, voters have approved approximately one-third (34 percent) of initiatives on the ballot, rejecting nearly two-thirds (just under 67%)

Chart A2.

When Initiatives Appear on the Ballot, What Percentage of them Pass?
4. Post Election

In all states, voter approved constitutional amendments are “locked in”—they cannot be amended or repealed without a new vote of the people. But California is the only initiative state that also entrenches initiative statutes, or laws, by preventing the legislature from amending or repealing them unless the measure itself allows for that. Many statutory initiatives do let the legislature amend them, as long as the amendments further the measure’s purposes. Other states limit the ability of the legislature to amend or repeal statutory initiatives, through waiting periods, supermajority requirements, etc. However, no other state denies the legislature the ability to amend these statutes without further voter approval.

Many voter-approved initiatives face legal challenges after the election. From 1970–2000, for example, more than two-thirds of voter-approved California initiatives were challenged in court, and courts invalidated, in part or in whole, more than one-third of all initiatives adopted during that period. Some legal challenges attack poorly-written initiatives, but others target well-crafted measures for different constitutional reasons. As a result, post-election litigation has become a regular feature of the state’s initiative process.

The Initiative Debate and the History of Reform

The initiative process has long been the focus of civic debate. Supporters believe that citizens should be allowed to exercise political power by overriding government officials, including legislators, and judges, when their decisions stray too far from the popular will. They believe that government elites too often disregard the wishes of ordinary citizens, and that the initiative process is the main way that citizens can make sure that policies reflect their views. They also believe that citizens are at least as competent as government officials to make important policy decisions.

Critics of the initiative disagree. They say that voters are not always prepared to decide complex matters of public policy. The result may be poorly written and thought-out laws that some see as state government dysfunction. They also believe that while the
initiative may express majority will, it can threaten individual or minority rights. They criticize not only the outcomes, but also the process itself. They say there is too much interest group money and influence, which means that ordinary voters do not truly control the process. Finally, critics of the initiative believe that it makes legislatures less responsible by limiting legislators’ choices through ballot-box budgeting and giving them an excuse to take a gamble on tough issues.

Today’s debate focuses on the direct initiative process, but California originally had an indirect initiative as well. The direct initiative process allows people to gather signatures and place a proposed statute or constitutional amendment directly before the voters. The indirect initiative, on the other hand, allows people to gather signatures and present the measure to the legislature for enactment. If the legislature passes the measure, it becomes law without going to the voters. California had the indirect initiative from 1912 until 1966, when it was repealed for lack of use.

Since then, various groups have studied the initiative process and proposed reforms. In 1994, the California Legislature created a Citizens Commission on Ballot Initiatives to evaluate the statewide initiative process and give recommendations to the Legislature. The Commission emphasized reforms that targeted circulation, content, campaign, and post-election issues. In 1996, the Legislature created a similar California Constitution Revision Commission to review the process and make recommendations on major state governance issues, including initiatives. In its recommendations, the Commission tried to enhance accountability by increasing voter participation in the process of amending the constitution, and by boosting the involvement of the Legislature in the initiative process.

The initiative process has been widely used by a number of groups. In 1999, the League of Women Voters studied the initiative process and proposed a set of reforms. The League’s proposal contained similar types of changes as the legislative commissions, but also highlighted potential reforms to financial disclosure rules in initiative campaigns. Then, in October 2000, California State Assembly Speaker Robert M. Hertzberg formed a non-partisan commission to examine California’s initiative process and recommend improvements to make it more responsive to voters. In addition, many other groups have since conducted similar studies and offered ideas for reform.

Most reforms find a particular problem with the process and suggest a specific solution. These proposals share a common logic. Reformers believe that the current
process leads to a certain set of results that are not ideal. They also believe that changing some parts of the process will bring us closer to the original intent of the initiative process. The arguments for the proposals below reflect this thinking.

Here are some general questions that we hope you keep in mind as you consider the role of the initiative in California’s government structure, followed by some specific proposals for changing our state’s governing process that we will think about in greater depth.

✔️ What do you like and dislike about the initiative process?

✔️ How much time are you able to dedicate to understanding the substance of ballot measures?

✔️ Do you rely on sources like the ballot pamphlet and paid campaign advertising to inform your vote on initiatives, or do you use additional information beyond these options? What would be most useful to you?

✔️ Should initiatives be investigated in some way before being placed on the ballot to make sure they 1) are free of inadvertent errors; and 2) have a good chance of being constitutional? Or are these not significant issues?

✔️ Are initiatives a check on the Legislature, and so a tool of the people that the Legislature should have no control over, or does it make sense for the Legislature to play a role in giving alternatives to and amending initiatives?

✔️ In some cases initiatives propose policies that include a cost that if passed will come from the state’s “General Fund.” This reduces funds available for existing programs, and makes writing the state budget more difficult – since there will be less money available for the rest of the state’s expenses. Is this a reason to rein in spending through initiatives, or is the setting of budget priorities by the people simply a factor the Legislature must work around?

✔️ Which is more important to you: Who is supporting or opposing an initiative, or who is paying for the support or opposition? — Or are they of equal value?
Specific proposals for assuring that the content of initiatives is reviewed well before going to voters and that flaws can be corrected. Would you consider:

A1. **Create a formal review process (maybe even including a citizens review) to clarify the proponents’ intent and let proponents revise the text.**

A2. **Allow the Legislature to play a role in the initiative process in any of the following ways:**

   a) Once an initiative has gathered enough signatures to qualify for the ballot, give the Legislature the chance to enact it directly instead of putting it before voters.

   b) Once an initiative has gathered enough signatures to qualify for the ballot, give the Legislature by a simple majority vote the chance to propose a countermeasure that would appear on the ballot next to the original initiative as another option.

   c) Once a statutory initiative passes, give the Legislature the chance to amend the initiative by a simple majority vote if the initiative’s proponents agree with the amendments.

   d) Once a statutory initiative passes, give the Legislature the chance to amend the initiative by a 2/3rds vote, even if the initiative’s proponents do not agree with the amendments.

Specific proposals for reducing the number of measures on the ballot and rationalizing how they are presented to voters. Would you consider:

A3. **Allow an initiative’s proponents to pull back the measure even after it qualifies for the ballot.**

A4. **Implement a so-called “PayGo” provision for initiatives and legislative measures placed on the ballot that requires new**
programs or tax cuts be financed with revenue increases or offset with budget cuts.

A5. Publish in the ballot pamphlet whether ballot measure proponents have specified how new programs or tax cuts will be paid for OR require the Legislative Analyst to give analysis of how new programs will likely be paid for in the ballot pamphlet.

A6. Make the voting margins needed to pass an initiative the same as the ones the initiative imposes on a future public vote.

A7. Publish the top five contributors for and against each ballot measure in the ballot pamphlet.
Proposal A1:

Create a process of legislative hearings or formal notice, comment, and administrative review to clarify the proponents’ intent and revise the text of an initiative after it has been filed with the Attorney General.

**Pros:**
- Allows for citizen and expert feedback and gives a chance for the authors to make changes that would improve the initiative.
- Creates a public hearing process to clarify initiative intent and potential consequences.
- Initiatives with demonstrated support, but poor drafting, could be fixed before the election.

**Cons:**
- Initiatives are filed with different degrees of seriousness. This proposal could needlessly eat up valuable legislative time unless it was done only for the initiatives headed to the ballot.
- The format of hearings often leaves little, if any, room for reasonable discussion, give and take, or response to prior testimony.

What would it take to accomplish this?

This could most likely be accomplished through a constitutional amendment, which takes effect when a citizen group or the Legislature (by a 2/3rds vote in each house) puts it on the ballot and it passes with a majority of the public’s vote.
Proposal A2a:

Once a statutory initiative has gathered enough signatures to qualify for the ballot, give the Legislature the opportunity to enact it into law directly (with a Governor’s signature) instead of putting it before voters as a proposition.

**Pros:**
- By reducing the number of propositions that reach the ballot, this could reduce the voter confusion caused by long, cluttered ballots.
- This would reduce the number of costly direct democracy campaigns, and give another tool to grassroots groups unable to afford these campaigns.
- By involving lawmakers in the passage of citizen proposals, it would make them invested in the laws that they will be asked to put into action.

**Cons:**
- Any initiative passed into law by the Legislature in this way could be removed from law by a Legislature in the future, unlike a successful initiative (which may only be undone by another successful initiative).
- A situation where the Legislature has adopted an initiative after it qualified for the ballot and before the election has only happened once in recent memory and is not likely to happen very often in the future.

What would it take to accomplish this?

This could most likely be accomplished through a constitutional amendment, which takes effect when a citizen group or the Legislature (by a 2/3rds vote in each house) puts it on the ballot and it passes with a majority of the public’s vote.
**PROPOSALS**

**Proposal A2b:**

Once an initiative has gathered enough signatures to qualify for the ballot, give the Legislature by a simple majority vote the opportunity to propose a countermeasure that would appear on the ballot next to the original initiative as an alternative option.

<table>
<thead>
<tr>
<th>Pros:</th>
<th>Cons:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides alternatives since the system currently does not allow for modification of initiatives, except to the extent individual initiatives provide for legislative amendment.</td>
<td>Could increase voter confusion, as more and competing initiatives are added to the ballot.</td>
</tr>
<tr>
<td>Gives electorate a very direct choice among competing approaches.</td>
<td>The party that controls the Legislative majority would likely produce counterproposals to the initiatives that they oppose, but not to the initiatives that they favor.</td>
</tr>
<tr>
<td>Supports objectives of representative democracy.</td>
<td>Creates the possibility that the Legislature’s friends could get an initiative on the ballot only for the reason of allowing the Legislature to pass an alternative by a simple majority instead of the current 2/3rds requirement needed for the Legislature to put a Legislative referendum on the ballot.</td>
</tr>
</tbody>
</table>

**What would it take to accomplish this?**

This could most likely be accomplished through a constitutional amendment, which takes effect when a citizen group or the Legislature (by a 2/3rds vote in each house) puts it on the ballot and it passes with a majority of the public’s vote.
Proposal A2c:

Allow the Legislature to amend a statutory initiative by a simple majority vote after it passes—following a 30-day public review—as long as the initiative’s proponents agree to the amendment.

Pros:
- Allows for a clean-up of flaws that may have unintended consequences.
- Engages the Legislature in a policy that it is ultimately responsible for funding and overseeing.

Cons:
- This clause is sometimes included in individual initiatives.
- Adds risk of proponents potentially receiving benefits on an unrelated issue for allowing a legislative amendment.

What would it take to accomplish this?

This could most likely be accomplished through a constitutional amendment, which takes effect when a citizen group or the Legislature (by a 2/3rds vote in each house) puts it on the ballot and it passes with a majority of the public’s vote.
Proposal A2d:

Allow the Legislature to amend a statutory initiative by a supermajority 2/3rds vote after it passes—following a 30-day public review—even if the initiative’s proponents disagree with the amendments.

Pros:
- Allows for a clean-up of flaws that may have unintended consequences.
- Allows for elected officials (whose job is to govern) to review and potentially eliminate initiatives that the Legislature does not approve of. This is similar to the initiative process in other states.

Cons:
- Gives the Legislature the ability to reverse or overturn an initiative with a supermajority vote.
- Inconsistent with the intent of the California initiative process, which allows voters to enact laws without interference by the Legislature.
- Could lead to an increase in constitutional amendment initiatives, as proponents attempt to protect their statutory initiatives from the legislature.
- Critics of the initiative would most likely favor this proposal.

What would it take to accomplish this?

This could most likely be accomplished through a constitutional amendment, which takes effect when a citizen group or the Legislature (by a 2/3rds vote in each house) puts it on the ballot and it passes with a majority of the public’s vote.
Proposal A3:

Allow an initiative proponent to pull back the measure even after it qualifies for the ballot.

<table>
<thead>
<tr>
<th>Pros:</th>
<th>Cons:</th>
</tr>
</thead>
<tbody>
<tr>
<td>◆ Provides greater opportunity and time for negotiation and legislative compromise to achieve objective.</td>
<td>◆ Could allow proponents to determine they will not pursue the initiative for reasons other than policy ends.</td>
</tr>
<tr>
<td>◆ Allows initiatives to react to changing political environment.</td>
<td>◆ Adds risk of initiative's proponents potentially getting benefits on an unrelated issue by pulling support for an initiative.</td>
</tr>
<tr>
<td>◆ Prevents what happened with Proposition 91 in 2008, when the authors urged a ‘no’ vote because a policy already passed that made Prop. 91 unnecessary.</td>
<td></td>
</tr>
</tbody>
</table>

What would it take to accomplish this?
This could most likely be accomplished through a constitutional amendment, which takes effect when a citizen group or the Legislature puts it on the ballot and it passes with a majority of the public’s vote.
Proposal A4:

Implement a so-called “PayGo” provision for initiatives and legislative measures placed on the ballot: new programs or tax cuts must be financed with revenue increases or offset with budget cuts. Bonds would be exempt from this requirement.

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>✈️ Voters should be told what programs could be cut and by how much if a ballot measure is adopted.</td>
<td>✈️ This hurts government’s ability to respond to needs of citizens by making it even harder for the Legislature to adjust to changing political environments.</td>
</tr>
<tr>
<td>✈️ Voters would have more control, because they would be making choices both about what new policies to implement and how to balance the tradeoffs required to pay for them.</td>
<td>✈️ Some methods of offsetting costs could contradict federally mandated actions, e.g. cutting prison spending when the US Supreme Court cites prison spending as a problematic issue for the state.</td>
</tr>
<tr>
<td>✈️ This proposal would end initiatives’ serving as unfunded mandates on the State Legislature.</td>
<td>✈️ Leaves the least popular areas of spending vulnerable to politically popular cuts.</td>
</tr>
<tr>
<td>✈️ “PayGo” would require initiative’s proponents to provide funding sources for their plans, potentially improving the fiscal health of the state.</td>
<td>✈️ The legislature could try to take money away from so-called earmarked programs (like they did with Prop 63’s millionaire’s tax for mental health programs), that are designated for particular purposes.</td>
</tr>
</tbody>
</table>

What would it take to accomplish this?

This could most likely be accomplished through a constitutional amendment, which takes effect when a citizen group or the Legislature (by a 2/3rd vote in each house) puts it on the ballot and it passes with a majority of the public’s vote.
Proposal A5:

Publish in the ballot pamphlet whether ballot measure proponents have specified how new programs or tax cuts will be paid for OR require the Legislative Analyst to provide analysis of how new programs will likely be paid for in the ballot pamphlet (in addition to the fiscal impact currently available).

**Pros:**
- Voters would be told what programs could be cut and by how much if a ballot measure is adopted.
- Voters would have better information about the fiscal impact of a proposed policy, and so they could make better decisions.

**Cons:**
- The Legislative Analyst is likely to make vague estimates on the funding for the initiative and may not accurately predict which specific programs could be cut or what taxes to increase in order to pay for an initiative.
- Minor increased costs associated with the Legislative Analyst’s office additional workload.

What would it take to accomplish this?

This could likely be accomplished by a change in state statute.
Proposal A6:

Make voting thresholds to pass an initiative consistent with any voting thresholds specified within the initiative – if the state initiative only needs to pass by a simple majority, this would prevent that initiative from requiring supermajority votes on future state or local propositions in order to change future policy. If the measure requires a 2/3rds vote for future changes, the initiative must pass with a 2/3rds supermajority.

**Pros:**

Currently, the electorate can pass an initiative by majority vote, even if it requires a supermajority (2/3rds) vote to pass a bond, tax, etc. This would make it harder for initiatives to constrain the voters in the future.

**Cons:**

This would make it more difficult to enact a constitutional amendment like Proposition 13, which required a two-thirds vote of the Legislature to raise taxes, and which has proven popular with voters.

What would it take to accomplish this?

This could most likely be accomplished through a constitutional amendment, which takes effect when a citizen group or the Legislature (by a 2/3rds vote in each house) puts it on the ballot and it passes with a majority of the public’s vote.
Proposal A7:

Publish the top five contributors for and against each ballot measure in the ballot pamphlet.

<table>
<thead>
<tr>
<th>Pros:</th>
<th>Cons:</th>
</tr>
</thead>
<tbody>
<tr>
<td>More and better information provides voters with more of an opportunity to educate themselves about who is behind a proposition, so they will better understand the initiatives on the ballot.</td>
<td>Statute requires the ballot pamphlet to be prepared 40 days prior to the election, so any contributions after this point will not be reflected in the ballot pamphlet if the chief financial supporters and opponents wait until after the ballot statements are printed to make their major contributions.</td>
</tr>
<tr>
<td>Learning who has supported, and who has opposed a ballot proposition provides voters with valuable information about the potential effects of an initiative.</td>
<td>The listing might not accurately show the levels of public support or opposition to an initiative, only the support of the largest contributors.</td>
</tr>
<tr>
<td>This proposal could create a more even playing field with wealthy special interests.</td>
<td>Increases the size and costs of an already long ballot pamphlet that few people read closely.</td>
</tr>
</tbody>
</table>

What would it take to accomplish this?

This could likely be accomplished by a change in state statute, though it might be challenged on free speech grounds.
B: Legislative Representation

In a representative democracy, elected officials act as servants of the public, with the different branches of government playing different roles. A legislature is sometimes called “the people’s house,” with legislators elected to reflect the diversity of desires present in any democracy, and to bring input and views from many different voters into the governing process. To do that job well, legislators must:

• **Be chosen through fair elections which ensure that elected officials are truly representative of voters**

• **Have the chance to learn what their constituents want from government, and receive frequent feedback from those they represent**

• **Be given the resources, rules and incentives to cooperate with fellow lawmakers when crafting policy solutions for the state’s pressing problems**

• **Be motivated to consider not only current costs and benefits but also future obligations from promises made in the here-and-now, and future benefits from investments made in the here-and-now, and**

• **Be held accountable by those whom they represent**

In recent years, some observers and voters have criticized the performance of California’s Legislature. Some of that criticism has led to voter-led changes in how lawmakers are elected (a top-two system for primary elections, 2010) and paid (Citizens Compensation Commission), who lawmakers represent (Citizens Redistricting Commission, 2008), and — most significant — a cap on how many years lawmakers may serve (term limits, 1990). In this section, we begin with the basics about how the Legislature works today and then discuss proposals for reform. Though these proposals come from different perspectives and would take the state in different directions, all are aimed at improving the ability of California’s Legislature to make sound decisions and to represent the people.
Basic Structure

In California, the State Legislature has the power to draft and adopt legislation—subject to the governor’s signature and veto. Like the Congress in Washington, D.C., our state Legislature is divided into two houses, the Assembly and Senate, and a majority (50%+ 1) or supermajority (two-thirds or just under 67%) of each, depending on the type of legislation, must vote in favor of a bill before it becomes law. The Assembly has 80 members who must run for re-election every two years. The Senate has 40 members who face re-election every four years. With two houses, every voter has two legislators representing them and every bill must pass through two legislative processes. Across the country, there is no set ratio of senators to assemblymembers, with legislatures organized in a wide variety of ways. In California, the current ratio of senators to assemblymembers is 1-to-2, which is below the national ratio of 1-to-2.7.

District Size

The general structure of the legislative branch of government has remained mostly unchanged since California’s last constitutional convention completed its work in 1879, creating the 80-seat Assembly and 40-seat Senate. Although California’s population has grown from fewer than one million residents in 1880 to more than 37 million today, the number of seats in each legislative body has stayed the same. As a result, the average size of a legislative district has grown dramatically. As Chart B1 indicates, the number of residents represented by each state legislator has tripled since the 1950s.

Chart B1.

Districts Have Grown as the State has Grown
Given its size, California today has the lowest ratio of legislators to residents of any state in the country (see Table B1). With one assemblymember for every 467,000 residents and one state senator for every 934,000 residents, the size of California’s legislative districts are nearly 10 times the national average.\(^1\) Although other large states also tend to have a higher ratio of legislators to residents than the national average, the average district size is still far lower among these states than in California.

**Table B1.**

**How Big Are California’s Districts, Compared with Other States?**

<table>
<thead>
<tr>
<th></th>
<th>Residents per Legislator in Lower House(^1)</th>
<th>Residents per Legislator in Upper House</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>467,000</td>
<td>934,000</td>
</tr>
<tr>
<td>National Average</td>
<td>51,000</td>
<td>141,000</td>
</tr>
<tr>
<td>Big-State Average(^2)</td>
<td>124,000</td>
<td>404,000</td>
</tr>
</tbody>
</table>

Sources: Council of State Governments, U.S. Census Bureau

\(^1\)Includes Nebraska’s unicameral legislature

\(^2\)Includes Florida, Illinois, New York, Pennsylvania, Ohio, Texas – the states with more than 10 million residents

Legislative district size is important because it dramatically changes the types of electoral strategies available to lawmakers. Successful candidates for office must reach large numbers of voters in a relatively short period of time, making face-to-face campaigning impractical in California. Instead, candidates must rely on impersonal and expensive methods such as direct mail, newspaper, television and radio advertising, and sophisticated social media that greatly increase the cost of campaigns and intensify candidate efforts to raise money. Due to the large size of legislative districts in California, Chart B2 below shows that the average candidate for state legislative office raises far more in contributions in California than elsewhere.

\(^1\) Because several states use multi-member districts to elect some legislators, we note that the ratio of residents to legislators does not always capture the average size of the legislative district.
Many argue that California’s large districts make effective representation difficult and should be changed. One legislator can only attend so many town hall meetings, meet with so many constituents, and afford only a few district offices. When Assembly members represent close to half-a-million residents and must travel long distances to cross their districts, only relatively few constituents have the chance to interact with them. On the other hand, creating smaller districts would mean increasing the number of legislators serving in a house. This would weaken the power of each legislator and could make it difficult for a house with potentially hundreds of members to reach agreement on issues without giving significant power to only a few leaders. There are clear pros and cons to having district, and legislative houses the sizes they are today in California.
Rise and Fall of Legislative Professionalism

The Legislature’s internal organization has seen major changes over the last 50 years. These changes are generally associated with two major periods of reform, one in the mid-1960s and the other in the early 1990s.

During the first half the 20th century, California was governed by what is generally known as a “citizen” legislature — a part-time group, working with little money and staff. In 1960, for example, the Legislature only met for four months during odd years and one month during even years. In response to recommendations from California’s first Constitutional Revision Commission, voters approved a number of constitutional revisions during the 1966 election. Together, these changes — significantly increased pay for lawmakers, a year-round legislative calendar, and the hiring of professional staff — transformed California’s Legislature. It became a group in which members served longer careers, legislative committees began to do more to alter budgets proposed by the governor, the houses passed more innovative policies, and a few prominent leaders such as Assembly Speaker Willie Brown Jr. had long reigns in power.

Table B2.

Legislative Staff in California

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Legislative Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979</td>
<td>1,760</td>
</tr>
<tr>
<td>1988</td>
<td>2,978</td>
</tr>
<tr>
<td>1996</td>
<td>2,610</td>
</tr>
<tr>
<td>2003</td>
<td>2,359</td>
</tr>
<tr>
<td>2009</td>
<td>2,106</td>
</tr>
</tbody>
</table>

Source: National Conference of State Legislatures
Twenty-four years later, some of these changes were rolled back in 1990 when voters adopted Proposition 140, which called for legislative term limits and a major cut in the Legislature’s budget. The measure limited lawmakers to no more than three, two-year terms in the Assembly and no more than two, four-year terms in the Senate.

Although this project does not offer proposals to deal with term limits, Proposition 140’s impact on the Legislature and the quality of legislative representation, for better or worse, has been significant. For better, according to some studies, term limits seem to diversify representation by helping to bring more ethnic minorities into office while not significantly contributing to polarization and gridlock. On the negative side, term limits have drained the Legislature of institutional memory due to short legislative careers and a marked decline in the number of experienced staff (Table B2). Research also shows that shorter legislative careers seem to reduce the capacity for legislative innovation and devalue long-term or “strategic” thinking among lawmakers. In all, term limits generally weaken the legislative branch of government. The result is that lawmakers seem less willing to undertake oversight or audits of executive agencies and make fewer changes to the budgets proposed by the governor.

Despite the adoption of term limits, California’s Legislature today still ranks among the most professional in the country. As Table B3 below shows, California lawmakers are paid significantly more than lawmakers in many other states. Although the number of paid legislative staff and the length of the legislative session (see Tables B4 and B5) have declined over the past two decades, California is still near the top in both areas.

Table B3.

<table>
<thead>
<tr>
<th>Maximum Compensation for Legislators, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Maximum Compensation</strong></td>
</tr>
<tr>
<td>California</td>
</tr>
<tr>
<td>Average</td>
</tr>
<tr>
<td>Big-State Average</td>
</tr>
</tbody>
</table>

Source:

1. Includes regular salary ($95,291) and estimated legislative per diem.

See Thad Kousser, Term Limits and the Dismantling of State Legislative Professionalism (Cambridge: Cambridge University Press, 2005); Bruce E. Cain and Thad Kousser, Adapting to Term Limits: Recent Experiences and New Directions (San Francisco: Public Policy Institute of California, November 2004).
Table B4.

Professional Legislative Staff, 2009

<table>
<thead>
<tr>
<th></th>
<th>Total Legislative Staff</th>
<th>Staff per Legislator</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>2,106</td>
<td>17.6</td>
</tr>
<tr>
<td>Average</td>
<td>653</td>
<td>4.5</td>
</tr>
<tr>
<td>Big-State Average(^1)</td>
<td>1,853</td>
<td>9.5</td>
</tr>
</tbody>
</table>

Source: National Conference of State Legislatures

\(^1\)Includes Florida, Illinois, New York, Pennsylvania, Ohio, Texas.

Table B5.

Average Length of Legislative Session

<table>
<thead>
<tr>
<th></th>
<th>Legislative Session</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>9 months</td>
</tr>
<tr>
<td>Average</td>
<td>5 months</td>
</tr>
<tr>
<td>Big-State Average(^2)</td>
<td>9 months</td>
</tr>
</tbody>
</table>

Source:

\(^1\)Includes Florida, Illinois, New York, Pennsylvania, Ohio, Texas.

Assessing the Quality of Legislative Representation

In thinking about the performance of the California legislature, it is important to separate ideas that focus mainly on the process from those that look at results. Process refers to the way laws are made. Results are the extent to which policies adopted by state government match the preferences of the majority of California voters.
Many believe that growing partisan polarization, or “fighting” between Democrats and Republicans, has made it harder for lawmakers to quickly deal with the state’s most pressing problems, particularly issues surrounding the budget, and especially during times of divided government, or when one party controls the Legislature and the other holds the governor’s office. A recent study showed that greater polarization made it more difficult for governors and legislatures to reach agreement on major policies in years when the governor’s party lacks a majority in both houses of the Legislature. The study also found gridlock did not seem to increase during periods of unified party control.

The inability of lawmakers from different parties to make compromises has been felt most strongly on budget-related votes, which have recently required two-thirds support to be adopted by the Legislature. Because no party has controlled two-thirds of both houses lately, super-majority voting rules have made bipartisan compromise particularly important, even as growing partisan polarization has made building such cross-party coalitions more difficult. Although the state constitution requires a balanced budget to be in place by July 1 of each year, state lawmakers rarely make the deadline. The delay between this constitutional deadline and the date when the budget is actually adopted has grown considerably over the past three decades (See Table B6.)

### Table B6.

<table>
<thead>
<tr>
<th>Years</th>
<th>Average Budget Delay (Days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968–1970</td>
<td>2</td>
</tr>
<tr>
<td>1971–1975</td>
<td>-1</td>
</tr>
<tr>
<td>1976–1980</td>
<td>7</td>
</tr>
<tr>
<td>1981–1985</td>
<td>3</td>
</tr>
<tr>
<td>1986–1990</td>
<td>10</td>
</tr>
<tr>
<td>1991–1995</td>
<td>24</td>
</tr>
<tr>
<td>1996–2000</td>
<td>23</td>
</tr>
<tr>
<td>2001–2005</td>
<td>44</td>
</tr>
<tr>
<td>2006–2010</td>
<td>54</td>
</tr>
</tbody>
</table>

Source: California State Assembly, Office of the Chief Clerk

*Negative number indicates early budget.*

3 In November 2010, voters adopted an amendment to the state constitution lowering the threshold for adopting a budget to a simple majority. California’s constitution, however, still requires a two-thirds vote to raise taxes.
Many commentators have argued that the growing costs of campaigns and the weakening of institutional capacity in the Legislature due to term limits have helped empower special-interest groups. However, there is little evidence to help us figure out if that is true. The San Jose Mercury News recently found that since the adoption of term limits, the Legislature has become more willing to introduce “sponsored” legislation — bills written by outside groups, including both public-interest groups and campaign contributors. On the other hand, many surveys of lobbyists, legislators, and statehouse reporters have found no evidence that term limits increased the power of lobbyists, who have always exerted much influence in the Legislature.

Regardless of the role of lobbyists, many see the Legislature as failing to adequately represent the increasingly diverse interests of California or to take a long-term approach to policymaking. With one party (currently Democrats) in charge of most decisions made in the Legislature, they worry that only the interests of voters from the majority party will be represented. When it comes to scrutinizing the budget and its implementation, setting goals for government programs and then tracking their successes, and planning with the future in mind, many journalists and veteran commentators find today’s Legislature lacking.

Another perspective comes from evidence suggesting that California’s state Legislature has done a relatively good job in delivering public policies that reflect the people’s views. In an upcoming study, two Columbia University researchers have looked at public support for 39 separate policies across eight issue areas — including abortion, law enforcement, health care, and education — comparing public policies in each state to the people’s preferences. They have found that nearly two-thirds of the policies adopted by the California Legislature match the policies most preferred by voters — the highest rate of similarity, or “congruence” between policy and voter preference of any state.

Yet voters in California do not seem to see that “congruence.” Asked to judge how well the Legislature represents their interests, only 19% of registered voters in a May 2011 poll by the Public Policy Institute of California approved of the way the Legislature handled its job, continuing a trend of low marks given to the body since the onset of the recession in 2008. While it might be hard for any Legislature to be popular in tough economic times, another sign of discontent with our current system is that one-in-five California voters now registers as “decline to state,” avoiding the Democratic and Republican parties — a figure that has doubled since 1994. These may be signals of an appetite for change in the way the Legislature works today and
the “winner-take-all” nature of our elections.

Here are some general questions we hope you keep in mind as you consider the roles of state and local governments in California, followed by some specific proposals for changing our state's governing structure that we will explore in greater depth.

Improving Legislative Representation:

- What do you consider effective representation by your legislators? What do you expect from them?
- Do your Assembly members and Senators represent you well?
  - Does the Legislature make a difference in your life?
  - How about your Assembly member and Senator?
- What are the biggest obstacles to effective representation?
- Do strong disagreements over important policy issues like education funding, tax increases, the death penalty, environmental regulations and minimum-wage rates justify political stalemates, or is it the responsibility of legislators and interest groups to find workable solutions, even if it means compromising priorities or values?
- Some people think the size of political districts is partially to blame for poor representation by legislators and low awareness by constituents of what lawmakers do. Is the large size of districts part of the problem? (Assembly members represent nearly 500,000 constituents each and state senators represent nearly one million constituents each. No other state has more than 150,000 constituents per lower-house district).
- Is this problem serious enough to consider reorganizing the Legislature?
- Some think the size of California’s public sector and the magnitude of its policy challenges demand a fulltime legislature. Others think
California should switch to a part-time legislature and return more governing responsibility to local governments. What do you think?

- Do Californians generally know enough about how government works to influence it and hold elected leaders accountable? Do you feel sufficiently knowledgeable about how state government works to influence it and hold elected leaders accountable?

- Do you think that term limits should be lengthened? Shortened? Why?

As specific proposals for Legislative Representation, would you consider:

B1. Smaller Assembly districts.
B3. Unicameral legislature.
B4. Part-time legislature/part-time pay.
B5. Shorter legislative session, members spend more time in district (no change in pay).

State government performance, oversight and accountability:

- Are legislators in office long enough to accomplish major priorities? Do they serve long enough to be accountable for decisions they make?

- What kind of information should be available to help them make good decisions?
• Is it important for lawmakers to watch the performance of public programs and sometimes look at the value taxpayers receive in exchange for public support if it takes more of their time to do so?

• To hold representatives accountable, how much do you need to know about what is happening in the Legislature, about what your elected representative is doing, or about the outcomes (across the state) of their decisions?

As specific proposals for Oversight and Accountability, would you consider:

B7. Longer legislative terms.

B8. Require economic impact analyses for major legislation.

B9. Institute performance-based management and budgeting, including comprehensive program reviews.

B10. Require multi-year budgeting and fiscal forecasting.
### Proposal B1:

**Revise the Legislature’s Structure:**
Create smaller Assembly districts by increasing the size of that house to 120 seats.

### Summary:
Increase the number of Assembly districts to reduce the number of residents represented by a single legislator and to shrink the geographic size of districts. Change the ratio of senators-to-assemblymembers from current 1-to-2 to 1-to-3, which is the custom in seven states and closer to the national average of 1-to-2.7.

### Pros:
- With Assembly districts now containing 465,000 residents, California has by far the largest state legislative districts in the nation. In fact, our state Senate districts are larger than federal congressional districts and parliamentary districts nearly everywhere in the world.
- It is hard for voters to have any relationship with their representatives – the ability to have their voices heard and their problems solved – in districts that contain so many voters and that often cover so much territory.
- An increase in 40 seats will likely have limited direct effects on budget increases for legislative staff salaries and operating expenses.

### Cons:
- Unless coupled with another legislative reform, creating more districts means electing more legislators. An Assembly with 120 members could mean more unwieldy debate, more power delegated to committee chairs and floor leaders, and diluted power for rank-and-file legislators.
- If the size of the Legislature grows, the costs of paying legislator and staff salaries and operating district offices would increase (though this spending would not be large relative to the size of the state budget).
- An increase in only 40 seats still leaves Assembly districts with more than 300,000 residents. Still too large to solve the problems this reform is supposed to address.

### What would it take to accomplish this?
This most likely could be accomplished through a constitutional amendment, which takes effect when a citizen group or the Legislature puts it on a general election or primary election ballot and it passes with a majority vote.
### Proposal B2:

**Revise the Legislature’s Structure:**

Establish large, multi-member districts where representatives are chosen via proportional representation.

### Summary:

Instead of a district being represented by one legislator elected by simple majority, it would be represented by several legislators elected by a yet-to-be-determined voting rules used in similar systems elsewhere in the country.

### Pros:
- In contrast to our current “winner takes all” system, proportional representation would provide representation to every political group in a district that garnered significant public support. For instance, a Bay Area district might end up electing three Democrats, two Republicans, an independent and a member of the Green Party.
- Small parties and even independents likely would increase their representation in Sacramento, since they could win seats by capturing approximately 20% of the vote (depending on how many legislative seats were created per district). This would broaden the spectrum of debate in the Legislature and give voice to voters who feel that neither major party represents them.
- Voters in the minority in a local area – such as Republicans in Berkeley or Democrats in southern Orange County – could elect someone from their party to represent them, if they can hold together a significant number of votes.

### Cons:
- With many parties represented in the Legislature, it could be difficult for one party to establish a working majority. As in Europe, where proportional representation is commonly used, control of the Legislature could depend on coalitions that form in the bargaining among parties, with voters playing no direct role. If no governing coalition forms, gridlock in the policymaking process could increase.
- This system might confuse voters. Although used in many nations, proportional representation is unfamiliar to California’s electorate.
- Combining our current single-member districts into multi-member districts would make them even larger, making the problem worse (see proposal B1).

### What would it take to accomplish this?

This would most likely require a constitutional revision, which means that it could be placed on the ballot by delegates at a constitutional convention or through the Legislature’s constitutional revision process. It then would need a majority vote of the public to go into effect.
## Proposal B3:

**Revise the Legislature’s Structure:**

Establish a unicameral Legislature with 120 total members serving in a single house.

### Summary:

The Assembly and Senate could be combined into a single legislative house such as found in one other state, Nebraska. This most often is proposed as a 120-member house, which would cut down the size of districts without an increase in the total size of the Legislature.

### Pros:

- The bicameral Legislature is outmoded, modeled after a federal Senate/House system designed to guarantee representation to states; a single house in which each legislator represents fewer constituents could better represent Californians.

- A unicameral body reduces the cost of the Legislature by about one-third.

- By combining the two parallel committee processes and eliminating the inter-house arguments that often kill popular bills at the end of sessions, a unicameral Legislature would reduce roadblocks to governmental effectiveness.

### Cons:

- The two houses provide a check on each other throughout the legislative process, holding more public hearings on bills, giving them more scrutiny, and injecting more deliberation into a process that should not be rushed.

- In a unicameral system, legislative representation for all Californians would be cut in half. Since each citizen would be represented by only one member, those citizens who hold minority views may find it more difficult to be represented in a unicameral system.

### What would it take to accomplish this?

This would most likely require a constitutional revision, which means that it could be placed on the ballot by delegates at a constitutional convention or through the Legislature’s constitutional revision process. It then would need a majority vote of the public to go into effect.
## Proposal B4:

**Have the Legislature operate part-time and pay legislators only a part-time salary.**

## Summary:

The Legislature could operate part-time, with a corresponding decrease in the current legislative salary of $95,291.

## Pros:

- California legislators are paid more than in any other state, and voters may be forgiven if they ask what they receive in return for that investment.
- If lawmakers also were forced to keep their day jobs in addition to serving in office, they would remain more closely connected to their communities and to realities of life outside of Sacramento.
- This would save money in the state budget, though only a tiny percentage of overall state expenditures (about .25%).
- Much current legislative activity is frivolous, such as refereeing among various interest groups. Shorter sessions would force lawmakers to focus only on the budget and significant policy issues.

## Cons:

- Governing the world’s eighth largest economy is a full-time job, and the demands of meeting with constituent groups, developing complex legislation, and voting on thousands of bills per year requires a vast time commitment by legislators.
- Instead of keeping public service open to all, a part-time salary would make legislative service only available to the wealthy, retirees, business people, attorneys, and students – people who commonly serve in other states’ “citizen” legislatures.
- In today’s Legislature, full-time legislators have the time to be accessible to constituents; this change would make them harder to reach and talk to when they return to their “day jobs.”
- Conflicts of interest would increase as the Legislature deals with issues directly related to many members’ primary careers.

## What would it take to accomplish this?

This most likely could be accomplished through a constitutional amendment, which takes effect when a citizen group or the Legislature puts it on a general election or primary election ballot and it passes with a majority vote.
### Proposal B5:

**Cut the length of the legislative session to require legislators to spend more time in their districts.**

### Summary:
Legislators now spend around 110 days per year in session in Sacramento, a number that could be reduced to give them more time to meet with voters in their districts.

### Pros:
- Instead of meeting for many months at the Capitol and introducing literally thousands of bills, legislators should focus more time on solving problems in their districts and hearing from the voters who elected them.
- The connections between voters and legislators would be strengthened as lawmakers become more accessible.

### Cons:
- Legislators currently spend more than half the year in their districts, meeting with voters and attending community events every weekend and for long stretches during summer and fall. Because of this, today’s schedule already accomplishes much of this proposal’s intended purpose.
- Severely restricting the time that legislators spend in Sacramento gives lawmakers less chance to know each other and work together to solve complex policy challenges.

### What would it take to accomplish this?

This most likely could be accomplished through a constitutional amendment, which takes effect when a citizen group or the Legislature puts it on a general election or primary election ballot and it passes with a majority vote.
**Proposal B6:**

**Use instant runoff voting (IRV) rules in state elections.**

**Summary:**

Voters get one vote. But instead of casting that vote only for one candidate, each voter ranks all candidates for a particular office in order of preference. If no candidate receives a majority of “first-choice” votes, the candidate with the fewest total votes is eliminated and those votes are redistributed to the remaining candidates based on the “second choice” of each of his/her voters. This “instant runoff” process of elimination and redistribution continues until one candidate has received a majority.

**Pros:**

- It can prevent a candidate from winning who does not reflect the views of a majority of district voters. For instance, in multiple-candidate races, like-minded constituencies such as liberals, conservatives, etc. sometimes split their votes among their own competing candidates, allowing a candidate with less overall support to win. IRV allows voters to rank all candidates and then see their votes transfer to another candidate who more closely reflects their views. In partisan races, IRV also eliminates the possibility of a small third party candidate “spoiling” the race by taking votes away from a major-party candidate.

- Traditional two-round “delayed” runoffs are common in California. IRV roughly halves the cost of those elections as it determines a majority winner in a single election. Before adopting IRV, San Francisco spent as much as $2 million on each election in its delayed runoff. In such situations, IRV also reduces candidates’ reliance on special interest donors because they only campaign and raise money for one election rather than two.

**Cons:**

- The security and integrity of results are much more difficult to implement because votes cannot be totaled using traditional election methods and procedures.

- Technical complications can lead to disarray, much like what happened in San Francisco in 2004 when computer processing broke down due to the high volume of votes being cast.

- The complexity of IRV also mandates central counting of votes and this, in turn, provides increased opportunities for wholesale fraud or malfunction. Hand counting and recounting, if necessary, become slower and more expensive.

- When there are three or more contenders, some very strange things can happen, such as the defeat of a candidate who would have won over each of the other candidates in a two-person race.

**What would it take to accomplish this?**

This most likely could be accomplished through a constitutional amendment, which takes effect when a citizen group or the Legislature puts it on a general election or primary election ballot and it passes with a majority vote.
Proposal B7:
Lengthen legislative terms from two to four years in the Assembly and from four to six years in the Senate.

Summary:
Senate terms would last as long as they are in the United States Senate, and all terms could be staggered to allow for elections and turnover every two years.

Pros:
- Legislators today, especially in the Assembly, are in a constant campaign for office. This would allow them to spend less time fundraising and running for reelection, and more time governing.
- Longer terms could allow legislators to make the "tough" votes that are not politically popular, but necessary for good governance.

Cons:
- With less frequent elections, individual legislators could become too insulated from the needs of constituents, and the Legislature as a whole could become unresponsive to swings in public opinion.
- This is a back-door attempt to alter Proposition 140 – which imposed term limits on California legislators. That law restricted lawmakers to three, two-year terms in the Assembly and two, four-year terms in the Senate – a total of 14 years. This proposal theoretically increases to 24 years the amount of time an individual may serve.

What would it take to accomplish this?
This most likely could be accomplished through a constitutional amendment, which takes effect when a citizen group or the Legislature puts it on a general election or primary election ballot and it passes with a majority vote. That amendment may also have to address the requirements of Proposition 140 (1990), which established term limits for members of the Legislature.
## Proposal B8:

**Require economic impact analyses of major legislation.**

### Summary:

Establish a formal legislative process to develop economic impact analyses prior to passage of new laws and/or regulations prompted by legislation. These studies would go beyond the impact on state finances, which various entities currently do, but assess the potential economic and regulatory impacts on businesses, people, schools, local governments, special districts, etc. The analyses would be prepared by the Legislative Analyst’s Office, Department of Finance or some other entity established by the Legislature for this purpose.

### Pros:

- An independent study ensures that California has objective information about the economic impacts of a law or regulation. In the absence of such a study, the only information that state officials are likely to have is the positive, and often misleading, job and tax revenue projections provided by those who might benefit from the law or regulation.
- The analysis will require lawmakers and regulators to consider the economic costs of their actions, something many politicians simply ignore.
- The analysis could provide the public with needed information about the potential fiscal effects of a given policy.

### Cons:

- This would delay any ‘major’ legislation and drive up the cost of legislative and regulatory actions.
- Because the future is difficult to forecast, economic impact analyses often err in their predictions.
- The reports would be subject not only to the biases of the analysts but would be very sensitive to analytical choices. Therefore, what would be held up as non-partisan ‘evidence’ could be partisan propaganda or very unstable predictions.

### What would it take to accomplish this?

This most likely could be accomplished through a constitutional amendment, which takes effect when a citizen group or the Legislature puts it on a general election or primary election ballot and it passes with a majority vote.
Proposal B9: 
Institute performance-based management and budgeting, including comprehensive program reviews.

Summary: 
The governor and legislators will establish clear goals and performance measures for all state programs. Lawmakers must review every state program at least once every 10 years to determine if it should continue, or how it may be improved.

Pros:
- California needs a state budget process that prevents lawmakers from making promises they do not keep and ensures public resources are well spent.
- Goals and performance evaluations will help the Legislature decide if a program is worth keeping.
- Performance-based reviews increase accountability as the bureaucracy implements regulations and also make funding decisions more transparent.
- Identifying ineffectual programs and then altering or eliminating them reduces waste. Conversely, identifying successful programs provides an opportunity to increase investment for greater return or to model failing programs after successful ones.

Cons:
- A formal review of every program could divert legislative time and resources from other, more urgent priorities and increase costs during the review periods.
- Outcomes often are difficult to measure with any precision, especially for programs that address such complex issues as early childhood development, where results may not be known for long periods of time.
- Agency heads and managers will be tempted to “cook the numbers,” or at least try to use measurements that are complimentary.
- Conversely, the review process could be used by the Legislature to get rid of initiative-created programs that lawmakers do not like, such as the Citizens’ Compensation Commission.

What would it take to accomplish this?
This could be accomplished through a change in legislative and executive branch practices, but a change in state law or even the constitution could force both branches to perform this function.
### Proposal B10:

**Require multi-year budgets, accompanied by multi-year fiscal forecasts.**

### Summary:

The governor and Legislature will prepare two-year budgets (instead of the current annual budget), three- and five-year fiscal forecasts, and publish updates on the state’s forecasted fiscal condition prior to the budget vote and early in the subsequent fiscal year.

### Pros:

- To achieve long-term fiscal health, California needs a state budget process that looks beyond a one-year time frame for funding programs and capital improvements.

- With multiyear budgets, goals and strategies for the next several years drive line-item details, as opposed to traditional line-item budgets that simply build on the prior year’s annual budget.

- Multi-year budgets promote more “orderly spending patterns” – in other words, mitigate against a “use it or lose it” mentality.

- To budget for several years saves time and effort in preparing annual budgets.

### Cons:

- There is a temptation of governments to plan this kind of budget around macroeconomic forecasts, which are based on political aspirations rather than objective analysis.

- Expenditure figures for the later years are seen by government agencies as policy entitlements.

- This provides the temptation to agency heads to press for new funding in the later year(s) of the budget, and then fight hard when it turns out that the program is more expensive, or less funding is available, than was first projected.

- No time or resources are saved because changes in the fiscal climate will ultimately result in annual tweaks and budget changes.

### What would it take to accomplish this?

This could be accomplished through a change in legislative and executive branch practices, but a change in state law or even the constitution could force both branches to perform this function.
C: Government Restructuring: State and Local

Like other states, public services provided to the residents of California are delivered by a system of governments that include cities, counties, the state and the federal government. Each level of government makes decisions about the amount of money spent on various programs as well as the rules and design of those programs. In general, the purpose of this system assures that we all share a set of core services as Americans, a different set as Californians and another that defines our local communities. It also recognizes that there is tremendous variety within the nation and the state and that it’s important for some government services to reflect the unique needs of geographic areas.

The question about whether to restructure state and local government in California reflects a broad and bipartisan consensus that the relationship between these levels has eroded and that today, in some cases, government is no longer doing an effective job at managing issues like education, public safety and assistance for the poor. As described in Governor Brown’s most recent budget proposal, the authority to make decisions and spend money has been moving from the local level to the state for the past 30 years until the point where it now creates “confusion, duplication of services and inefficiencies.”

Restructuring state and local government — or “realignment” as it is often called in Sacramento — involves a difficult assessment about what services are best performed by each level of government, and how they should be managed to produce the best possible results. The answers are not simple and often involve important value judgments about the kind of state in which we want to live. For example, how much difference should there be between localities in the amount of assistance given to the poor, or the money for school children or for public safety? And what level of those services should be set by the state as a guarantee for all Californians? The questions are also complicated by the federal government, which provides money for some state and local programs along with rules about how it can be spent. Policymakers have been discussing these issues for many years and they have identified several principles to consider in decisions about which programs are best operated at the state or local level, such as:
• **Will local control mean that a program will be delivered more effectively?** *In other words, can a state-level program meet Californians’ needs everywhere equitably, or would program delivery be improved by allowing adjustments at the local level?*

• **How important is it to assure that programs are provided equally throughout the state?**

• **Are there opportunities to improve programs by allowing greater coordination with other local programs?**

• **Is this a program where innovation and responsiveness to a community is likely to create significantly improved results?**

**State and Local Government in California Today**

Legally, California has many types of local governments. Counties act as “agents of the state,” administering a variety of state programs as well as providing local services. Cities are treated differently. The constitution allows citizens of cities to approve “charters” that provide for the governance of their communities and frees them from many state regulations. Over 85% of the state’s population lives in charter cities. Non-charter cities, most counties, school districts and single purpose special districts are authorized and regulated by the state Legislature.

But the reality of how government responsibility and authority are divided among various levels of government is extraordinarily complex, more so in California than in most states. Many services involve multiple layers of government. In public safety, for example, city police may arrest a criminal who is tried in a county courthouse and sentenced to serve time in a state prison. Some health care programs operate with combined money from local, state and federal levels, and each has separate rules. Government responsibilities also change over time as budget decisions, ballot initiatives and legislative reforms continue to shape the state-local partnership.

Another complication is the wide variety of local governments in California and the ways in which they are governed. Much of the complexity has been created by actions of local citizens many decades ago and in some cases going back to the late 1800’s. While the federal and state governments have single seats of power, local government power is spread over counties, cities, special districts and regional boards or commissions. As a
consequence, the structure of local government is layered with overlapping jurisdictions and disjointed responsibilities. On the one hand, it is designed to reflect California’s diverse demands and varied resources, but it also raises questions about efficiency and effectiveness.

Table C1 shows some of the ways in which state and local governments overlap in the services they provide, who sets the rules for these services, and how they are funded.

Table C1.

Where do California’s Layers of Government Overlap?

<table>
<thead>
<tr>
<th>Government Service</th>
<th>Who Delivers This Service?</th>
<th>How is this Service Paid For?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schools (kindergarten through high school)</td>
<td>State sets policy and local school district boards carry out state policies for their schools</td>
<td>Mostly state funds, some local property tax and a small amount of federal funds.</td>
</tr>
<tr>
<td>MediCal and Healthy Families (health care for those in need)</td>
<td>Federal and state governments set policies, counties administer programs, and public and private health care providers serve recipients</td>
<td>Federal funds pay benefits. State/county funds pay for administration.</td>
</tr>
<tr>
<td>CalWORKs (welfare benefits for needy families with children)</td>
<td>Federal and state governments set policies, counties administer the program</td>
<td>Federal funds pay benefits. State/county funds pay for administration.</td>
</tr>
<tr>
<td>CalFresh (Food stamps)</td>
<td>State sets policy and counties administer the program</td>
<td>Federal funds pay benefits. State/county funds pay for administration.</td>
</tr>
<tr>
<td>Roads and transit services</td>
<td>State and regional boards make decisions along with counties, cities, and special districts.</td>
<td>Local, state and federal funds.</td>
</tr>
<tr>
<td>Public safety</td>
<td>The state, cities, counties and special districts employ sworn officers for law enforcement. Counties operate jails and courts and legal staffs. The state sets laws and runs prisons and courts.</td>
<td>State funds finance prison system and local funds finance jails and local law enforcement.</td>
</tr>
</tbody>
</table>
Counts

The largest subdivision of the state is the county. There are 58 of them in California with huge population differences. Los Angeles County, the largest, has about 10 million residents, while Alpine County, the smallest, has about 1,200.

Counties are primarily responsible for administering state programs such as health and welfare services for the poor, disabled, seniors, mentally ill and abused children; operating county jails; and administering state and local elections. In unincorporated areas that are not governed by a city, the county also provides services such as county sheriffs and county fire departments. Some cities also hire the county to provide these services. Since they are primarily responsible for administering state programs, there is much more state control and regulation of counties than there is of cities.

Each county is governed by a Board of Supervisors with the power to pass ordinances, resolutions and directives as long as they do not conflict with state law. Since most county programs are run according to state rules, the decisions that draw the most attention for supervisors usually involve development on unincorporated land. Even there, however, there are many state restrictions.

Counties depend on the state and federal governments for nearly two-thirds of their budgets. The Boards of Supervisors have the power to raise revenues through taxes in unincorporated areas (charges paid by everyone, no matter how much they benefit from the service), assessments (charges paid by those who benefit from services), and fees (charges paid by those who use a specific service). As a result of various state initiatives, however, it has become more difficult for counties to raise additional money. Counties must win a majority vote of the public to increase a general tax, and they must win a two-thirds majority vote for a “special tax” that is committed to a specific purpose.

Cities

California has about 480 cities, and the number is growing slowly as more communities grow and seek greater control over their taxes and local services. New cities are approved through a process dictated by state law.

Broadly, cities are supposed to provide municipal services such as police, fire, streets, public lighting, parks, recreation facilities and libraries. Local taxes make up about one
third of city budgets with most of the remaining money coming from fees and service charges (e.g. business license tax, hotel bed tax, utility user tax, etc.). Less than 10 percent of city revenues come from the state or other government sources.

Special Districts

There are nearly 2,100 independent special districts in California with separate governing boards and state statutes that provide their authority. There are 57 other types of special districts, with most providing a single service such as water, waste disposal, mosquito abatement, flood control, fire protection and other services.

School Districts and Community College Districts

There are about 1,000 school districts covering grades K-12 in California governed by elected school boards that have some control over the hiring of personnel and curriculum, but are also part of a complex system that includes one state and a county school superintendent, as well as a county board, that have specific powers and duties over the school district in the county. At the state level, there are several state commissions that have roles and responsibilities. There are 74 community college districts that administer the state’s community colleges. They have independent elected governing boards. In addition, there is a statewide board that oversees the community college system.

Regional Governments

Some issues are best managed in areas larger than a city or county but smaller than the state. For example, California has developed a number of regional governments with limited powers to coordinate local rules on environmental issues like water and air quality as well as transportation issues like roads and bus service.

California has 18 Metropolitan Planning Organizations often known as MPO’s (or COG’s, for council of governments). The MPOs often include several counties. Local government representatives meet at these regional organizations to coordinate a range of common issues – primarily related to transportation or environmental issues. There are also Regional Transportation Planning Agencies, sometimes in areas not coordinated
at the MPO level. And finally, there are state agencies that cover specific territory like the California Coastal Commission and the Tahoe Regional Planning Agency, and are granted authority by the state to make decisions in special regions.

These regional organizations provide advice and planning. They do not have the power, however, to raise money or to make new laws. Increasingly, though, there is consideration about assigning more authority and funding to regional levels of government as a possible solution to some of problems identified in the state’s system of governments.

**Defining the Problem in California**

One effect of the evolution of state and local relations in California is that the state’s structure today is significantly different than other states’. Local governments in California are often much more dependent on money from the state than is true elsewhere. This is particularly true with counties, and school and community college districts and less so for cities. Consequently, counties and schools are more vulnerable to state-level political gridlock and state budget shortfalls when the economy is not performing well. The state is also influential in local policy because it collects and distributes the money from local property tax.

Most of these exceptions in California are the result of voter-approved initiatives and state budget decisions. In particular, the landmark Proposition 13, passed by voters in 1978, significantly changed the relationship between state and local governments. Previously, local entities were able to set the property tax rate for their jurisdiction at the level necessary to pay for local decisions. Proposition 13 cut the property tax rate and capped growth in assessed property values at 2 percent per year unless a home or business property changed hands. As a result, local governments lost more than half of their property tax revenue and could no longer adjust the tax rate to pay for local services. This condition continues today. In addition, Proposition 13 made it more difficult for the state and local governments to raise taxes by requiring a two-thirds majority of local voters to approve a new “special tax” and a similar two-thirds majority of the state Legislature to approve new state taxes.

The state responded to Proposition 13 by assuming responsibility for a major portion of the financing K-12 education and community colleges. It also took over many county programs thereby saving the counties money. The state offset the loss to counties in property tax revenue by “back-filling” some of that lost revenue with other state
revenue. These major elements were adopted as a long-term solution in 1979. This worked reasonably well when the state’s coffers were full, but as California’s fiscal condition has eroded, so have the payments to counties.

There have been numerous financial shifts back and forth between the state and local government over subsequent years. But many believe that problems in the state and local relationship today still reflect the fact that local officials don’t have the flexibility or authority to properly perform their jobs because their services are too dependent on uncertain funding and strict regulation from the state. They also say the structure makes it more difficult to hold either state or local officials accountable when things aren’t working. Local officials often blame the state because it sets so many rules and provides so much of the money. But state officials can also say that they are not running many of the programs.

These problems have been discussed for many years and they’ve proven especially difficult to resolve because they often involve disagreement about alternatives and very complex judgments about what California should look like. Some believe Proposition 13 should be reconsidered – even though opinion polls indicate that it remains very popular – to allow more opportunity for local voters to raise money from sources other than the property tax. Others believe the solution is to restore some of the independence and control that local governments have lost, so they can manage programs more effectively within existing resources.

Shifting additional or complete control over many programs to the local level means that there will continue to be big differences throughout the state in the quality of some services, such as the education of students, assistance for the poor and the protection of public safety. One question is whether the potential benefit of having greater local control, which could produce more effective service delivery, is worth the risk of continued and possibly exacerbated inequities across the state. Another is to what extent the state’s wealth should be spread evenly statewide to address the relatively greater difficulty the state’s low-income areas have raising funds for quality services.

Restructuring California

As you can see, the options for improving California’s system of government are difficult and complex. The choices that are made will make a major difference in how California develops in the future. That’s why these are decisions that require – as much as possible
—the involvement of all Californians. And it’s why your involvement in this discussion is so important. Below are some of the questions to keep in mind as you consider the roles of state and local governments in California, followed by specific proposals for changing our state’s governing structure that we will explore in greater depth.

• **When it comes to important issues like health care, education, poverty assistance and public safety, what are the minimum levels that should be provided to every resident of California?** Should the minimum level be low, meaning localities could choose to pay for better services but the quality of service throughout the state would vary considerably? Or should the state’s minimum service level be high, which could mean taxes from some localities will be used to increase the quality of services in other, poorer areas?

• **Are there certain government responsibilities that are better done by your city or county?** By the state? How much authority do you think is necessary for each level of government to carry out those responsibilities?

• **If the state gives more authority to local governments, should the state still be responsible for assuring that the local programs are operated properly?** Should local governments be required to report to the state about how well or how poorly they are doing on things like fighting poverty, educating students and reducing crime?

• **Should government promote and reward innovative approaches to service delivery and high performance,** even if it means that some programs may be more successful than others, or should government require standardized practices statewide in an effort to produce equity in service delivery across the board?
As specific proposals for government restructuring, would you consider:

C1. Transfer from the state to local governments control and financing of the services provided at the local level and require they be managed to achieve results. (Services could include the health, social service, and criminal justice programs currently delivered by county governments.)

C2. Provide greater local authority over raising and allocating tax revenue for local purposes in exchange for increased coordination of local service delivery and public reporting of progress toward clearly established program goals.

C3. Create a stable and flexible source of money for regional priorities by designating a portion of the tax revenue generated by a growing economy to pay for issues that are identified by a regional authority.

C4. Direct any savings resulting from successful local management of state resources to those local governments, in exchange for monitoring their own performance and being accountable, transparent, and innovative in their operations.

C5. Require the state and local governments to identify explicitly the results they seek to produce through their policy decisions and service delivery and publish annual reports about progress towards those goals.
Proposal C1: Transfer from the state to local governments control and financing of the services provided at the local level and require they be managed to achieve results. (Services could include the health, social service, and criminal justice programs currently delivered by county governments.) All communities will be required to meet minimum standards of service delivery.

Summary: Local governments would be allowed to design and operate programs as long as they meet goals set by the state. They would be given additional money to pay for the new responsibilities, but they would also assume new risks for program quality and budgets.

Pros:
- Responsibility for programs and the ability to pay for them are currently divided between local and state governments, creating inefficiency and a lack of accountability. Under this proposal it will be easier for voters to tell who is responsible for providing each government service and how their taxes are being spent.
- Provides flexibility, allowing local officials to design programs that match the needs and desires of their communities.
- In numerous cases, the rigidity of the current system prevents local communities from effectively addressing social and economic problems.
- Encourages local public engagement and participation in policymaking.

Cons:
- This approach may produce differences in levels of services provided to different communities across the state.
- It may not address the current issue of wealthier areas of the state being better able to provide quality services than low-income areas.
- If funds transferred from the state to accompany program responsibility are insufficient, all program quality could be reduced.

What would it take to accomplish this change?
This could be enacted through a state law.
**Proposal C2:**

Provide greater local authority over raising and allocating tax revenue for local purposes in exchange for increased coordination of local service delivery and public reporting of progress toward clearly established program goals.

**Summary:**

This would create incentives to promote greater local accountability for effective service delivery, consolidation of local services where appropriate, inter-jurisdictional cooperation, and stronger public accountability.

<table>
<thead>
<tr>
<th>Pros:</th>
<th>Cons:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Encourages local governments to take responsibility for successfully addressing policy problems locally by giving them greater flexibility as well as requiring accountability for results.</td>
<td>Making it easier to raise taxes will increase the likelihood taxes will be raised.</td>
</tr>
<tr>
<td>Increases efficiency of public service provision by promoting greater consolidation of services to bring about economies of scale.</td>
<td>Could allow large cities to dominate regional decision-making and policy development at the expense of suburban and outlying areas.</td>
</tr>
<tr>
<td>Enhances accountability to voters.</td>
<td>Consolidated and regional service providers may seem less accessible to constituents</td>
</tr>
<tr>
<td>Where increased coordination occurs, residents’ access to services will improve.</td>
<td></td>
</tr>
</tbody>
</table>

**What would it take to accomplish this reform?**

This would require an amendment to the state’s constitution.
**Proposal C3:**

Create a stable and flexible source of money for regional priorities by designating a portion of the tax revenue generated by a growing economy to pay for issues that are identified by a regional authority.

**Summary:**

Unlike today, this creates a source of money to pay for problems or issues at a regional level.

<table>
<thead>
<tr>
<th>Pros:</th>
<th>Cons:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Regional problems (traffic, pollution, etc.) multiply as each local jurisdiction acts separately and none have the responsibility of acting together. This proposal requires local governments to address policy problems on a regional scale, reducing unproductive infighting and competition.</td>
<td>- Could allow large cities to dominate regional policy making and spending decisions at the expense of suburban and outlying areas.</td>
</tr>
<tr>
<td>- Sharing some funds regionally could reduce competition among local governments trying to attract businesses to their jurisdictions.</td>
<td>- Creates a new level of government in addition to counties, cities and special districts.</td>
</tr>
<tr>
<td>- Provides flexible uses of new revenue to deal with local problems in a coordinated fashion</td>
<td>- Reduces future revenue for local governments by diverting increases to regional authorities.</td>
</tr>
<tr>
<td></td>
<td>- Could discourage local governments from investing in economic development, job creation because they may not get to keep as much of the resulting tax increases.</td>
</tr>
</tbody>
</table>

**What would need to be done to accomplish this change?**

This would require an amendment to the state’s constitution.
**Proposal C4:**

Direct any savings resulting from successful local management of state resources to those local governments, in exchange for monitoring their own performance and being accountable, transparent, and innovative in their operations.

**Summary:**

This would create financial incentives for local governments that administer state programs to run them efficiently by allowing the localities to keep a portion of state savings, in exchange for local governments monitoring their own performance and being accountable, transparent, and innovative in their operations.

**Pros:**

- When local governments spend state money, they have few incentives to spend it as efficiently as possible. This proposal encourages local governments to administer programs efficiently, and spreads savings across state and local tax bases.
- Increases efficiency of public service provision and creates incentives to have service delivery match local demands.

**Cons:**

- Could create a race-to-the-bottom in which local governments administer programs less generously than the state intended, in order to capture savings.
- Could create inequalities in the provision of state funded services across localities.

**What would need to be done to accomplish this change?**

This would require an amendment to the state’s constitution.
### Proposal C5:

**Require the state and local governments to identify explicitly the results they seek to produce through their policy decisions and service delivery and publish annual reports about progress toward those goals.**

### Summary:

Will create measurable objectives and data on results by which the effectiveness of programs can be assessed.

### Pros:

- The purposes of government programs are not always clear, and governments do not regularly establish clear and measurable benchmarks for assessing whether they have achieved the program’s intended goals. This proposal encourages elected officials to think more clearly about measures they propose.
- Provides clearer benchmarks for agency officials who have to implement these programs.
- Gives voters better information about programs and services governments are providing.

### Cons:

- State and local governments will have additional paperwork to comply with these new requirements.
- Agency officials may try to manipulate the benchmarks and data in annual reports, to protect themselves from criticism.
- Voters might not pay attention to the information because they are already overwhelmed by civic duties.

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**What would need to be done to accomplish this change?**

This could be enacted through a state law.
D: State Tax and Fiscal Policy

California’s taxation policy has come under increased scrutiny during our state’s recent fiscal crisis. Taxes — including income, sales, and property tax payments — bring in most of the money that is needed to provide critical services like schools, social services, and public safety. Taxes are paid by the California residents and large and small businesses that fuel economic growth. Taxes and tax reforms raise many questions. Californians are now debating questions like:

- **How high should our taxes be?**
- **How much should individuals at different income levels pay?**
- **How much should businesses pay?**
- **What economic transactions should be taxed, and what should not be taxed?**
- **How can we strike the right balance between allowing tax deductions for things like home ownership and raising a family and simplifying the tax laws?**

Debating these issues requires understanding how California’s taxes work, thinking about the values embodied in this system, identifying the goals of the state, and analyzing proposed changes. This section begins with an introduction to California taxes, raises tough questions, and probes the pros and cons of selected tax reform proposals.

**Basic Structure.**

California’s system for financing state and local government is complex. Governments need revenues to pay for the schools, social services, law enforcement, and other programs as shown in Chart D1, which breaks down state spending. State and local governments derive revenue from three sources: fees, taxes and intergovernmental transfers.
Fees.

Fees are charges for specific public services the payer uses, such as a driver's license, a business license, enrollment at a public college or university, health care at a county hospital, and entry to a state park. Fees account for about 30 percent of state and local government revenue in California.

Taxes.

Taxes are charges that are not always related to any particular service, and account for about 60 percent of state and local revenue. Sales taxes, property taxes, and personal income taxes (including capital gains) account for more than 80 percent of state and local tax revenues. Other taxes include the corporate income tax (about 6 percent), social insurance taxes such as unemployment and state disability (another 6 percent), and vehicle registration (less than 2 percent).

Transfers.

Transfers from the federal government account for about 10 percent of state and local revenue.

The finances of state and local governments are also closely intertwined. A full 70 percent of general fund spending in California is allocated to local assistance. In California, the state pays a larger share of local government costs than most other states, in large part because of Proposition 13, a 1978 ballot initiative that capped property taxes. Property taxes fund local governments and school districts. When Proposition 13 reduced property tax revenue, the state responded by sending billions of dollars to local governments to make up for these cuts. When the state has faced budget crunches, however, it has sent less money to local governments in some forms of aid, while at the same time, transferring more funding to local governments for social safety net programs.

Taxes in California are difficult to increase. Proposition 13 also included a requirement that state lawmakers need a 2/3 majority vote in each house of the Legislature to raise state taxes. Through the initiative process, voters can change state taxes by a
simple majority.

Changing local taxes and some fees requires approval by the elected governing body (for example, a city council or county board of supervisors) and the voters. The vote thresholds vary among types of taxes and fees from a simple majority to a 2/3 majority.

Chart D1.

Breaking down Governor Brown’s most recent proposal for spending the state’s general, special, and bond funds for 2011-2012, a budget that totals $132.5 billion.

How much do Californians pay?

Are taxes high or low compared to other states? What is taxed and at what rate? Who pays the highest — and lowest — taxes and how does that differ from other states?

One widely used measure of evaluating the size of state and local governments is per capita spending and taxation by all state and local governments. By this measure, California ranks among the top ten states in the size of government. But one reason that California spends and taxes more per capita is that both incomes and the cost of living in California are above the national average. As incomes increase, state and local governments spend more, in part because the salaries of government employees are higher in states with higher salaries in the private sector. Because of this, our analysis in this section looks at how large a share of total state taxes and spending comes from California, compared with the how large a share of the nation’s total income comes from California. We base all of our figures on the most recent (2008) Census Bureau reports, and if you’d like to take a closer look at the exact data, you can go to nextca.org/taxfigures for a full report.

State and local taxes in California were roughly 11.7% of personal income in 2008, compared to 11.0% for the entire U.S. That is, for every $10,000 in income, Californians pay about $70 more in state and local taxes than the average for all states. California does not have the highest taxes in the U.S. The state with the highest taxes is New York, where taxes account for about 14.5% of personal income.

Both personal income and corporate income taxes are significantly higher here than in many other states. California’s unemployment and disability insurance taxes are higher than the national average. California raises slightly more in fees than most other states. But our income taxes are the main reason that California’s overall tax rates exceed the national average.

State revenues rise and fall sharply with the economy because of California’s reliance on income taxes. Income is highly variable from year to year. Corporate profits are very sensitive to the state of the economy, so that during a recession, corporate income tax revenue falls dramatically. California’s personal income tax revenue also varies depending on the economy. Much of the personal income tax revenue comes through
capital gains. As the prices of stocks and real estate fall during a recession, capital gains revenue decreases.

On the other hand, several taxes are lower in California than in other states. Due to Proposition 13, Californians pay lower property taxes than the U.S. average. Property tax revenues are more stable than income taxes, and because Proposition 13 limits assessed home values, these revenues do not rise and fall quite as sharply.

Although we have one of the highest retail sales tax rates in the nation, 8.25 percent, Californians pay a lower fraction of their incomes in sales taxes than the U.S. average for two reasons. First, California exempts more goods and services from its general retail sales tax than other states do. The retail sales tax in California does not apply to groceries, and many services are either exempt from sales taxes or are taxed at a much lower rate. Second, excise taxes, which are added to specific products such as alcohol, tobacco and motor fuel, are generally lower in California than elsewhere.

**State spending**

Which areas account for higher-than-average spending, and on what does California spend less than other states?

The two areas of government that account for most of our above-average spending are public safety and government-owned utilities. Public safety includes police, fire, prisons, and jails. California spends about $11 billion more than the national average in this area. California spends about $12 billion more than average on government-owned utilities, including state and local departments of water and power.

The four other major areas in which we exceed the national average are public insurance, community development (including housing), health care, and public employee pensions. Public insurance programs, including unemployment and Workers’ Compensation,
spend about $5 billion more than the national average. These programs are paid from dedicated taxes and fees.

California spends about $4 billion more on community development, $5 billion more on health care, and $6 billion more on public employee pensions, in part, because of California’s high cost of living.

California spends below the national norm on many other programs, including schools (per student spending now ranks near the bottom in the nation), higher education (support for community colleges, CSUs and UCs has dropped dramatically over the past few years), welfare and public roads.

**What Californians pay based on income**

Chart D2 shows estimates of the percentage of income that non-elderly households pay in state and local taxes. California’s tax system is regressive, but less regressive than the average for all states because personal and corporate income taxes are higher and more progressive than in other states. Corporate and personal income taxes account for 7.5% of household income and more than 75% of total state and local taxes paid by the wealthiest one percent of households in California (households earning more than $600,000 annually).

The most regressive major tax in California is the sales tax. The poorest 20% of households pay 6.5% of their income in sales taxes, compared to 0.8% for the top one percent. For the nation as a whole, poor households pay 7.1% of their incomes in sales taxes while the wealthiest one percent pay 0.9%. Thus, both nationally and in California, poor households pay about eight times more of their incomes in sales taxes as the wealthiest households pay.
Chart D2.

The Fraction of Income Paid in State and Local Taxes


Key Issues with Designing the Tax/Fee System

Tax systems are influenced by many factors, including political opinion. But there are some principles of tax policy that have been used for many years to evaluate tax systems and the effects on taxpayers and the economy.
Budget Balance.

The principle that tax revenues should roughly equal expenditures is widely accepted. But one complication is the time period over which the budget should be balanced. Tax revenues fall during recessions and rise during economic booms. If expenditures track the rise and fall in revenues, programs and services would be in constant flux. For example, a school cannot easily expand and reduce classroom size to accommodate the hiring and firing of teachers due to rapid changes in the school budget.

One way to manage government is to balance the budget over several years through booms and busts in the economy. This requires setting taxes and fees so that government revenue is greater than expenditures during economic booms. The excess revenue would be used to offset revenue shortages during recessions. Additionally, stability can be increased by increasing our reliance on stable taxes such as “the car tax” (the vehicle license fee) and property taxes or by maintaining a bigger “rainy day fund” or limiting spending growth in boom years.

As a practical matter, this strategy is difficult to implement politically. When government has a surplus, citizens and lawmakers tend to demand tax cuts and/or increases in programs, rather than being willing to save for future hard times.

Volatility.

One way to evaluate taxes is to look at how revenues are connected to the state of the economy. California’s tax system is volatile in that income (and therefore state revenue) rises and falls with changes in the economy. In fiscal year 2009-2010, personal income tax revenue fell by 4.0% and corporate income tax by 11.7%. Assessed property values also were down by 2.4%. Taxable sales in California also were down, but the state generated an increase in sales tax revenue by temporarily raising the tax rate. Without the rate hike, revenues would have been down by about 10%.
Fairness.

The fairness of the tax system has two components. The first is the distribution of taxes among households with different incomes, and the second is differences in taxes among households with the same income but different patterns of expenditures. The idea behind fairness is that every household should experience roughly the same burden from taxation.

In addition to income-based differences in tax payments, households of the same income also differ in the total taxes that they pay because of differences in how they earn and spend their income. People who live in more expensive houses pay more in property taxes, and people who eat mainly in restaurants pay more in sales taxes than people who buy groceries and cook their own meals. A common criticism of the California property tax is that households with the same incomes and home values pay different taxes simply because they purchased their homes at different times.

Simplicity.

Some experts in public finance criticize the American tax system because it is too complex and, as a result, more costly to comply with than necessary. The complexity of the system arises from the presence of many different types of taxes and exclusions, deductions and credits.

One measure of the tax system’s complexity is tax expenditures, which refers to the potential revenue the state “loses” due to various exemptions, deductions and credits in the tax system. For example, the California income tax generally uses the same definitions of income and deductible expenses as the federal income tax. Among these deductions and exclusions are mortgage interest payments, employer contributions to retirement funds and health insurance, and the exclusion of some capital gains from the sale of a principal residence. California allows other exclusions, deductions and credits beyond those allowed in federal taxes. The largest is the exclusion of social security from taxable income, which this year reduced income tax revenue by $2.6 billion.
For sales taxes, this complexity arises from taxing goods and services at different rates and from exempting some sales from all taxes. The general principle in California is that goods are taxed but services are not, although there are many exceptions, such as the exclusion of groceries and prescription drugs from the retail sales tax. California exempts far more items from the general sales tax than other states. The following are a few examples of sales and excise taxes in California:

- **Intrastate telephone service (wire-line and cellular) is not subject to the retail sales tax, but is subject to a 0.5% excise tax; telephones, however, are subject to the retail sales tax.**
- **Auto repair services are not taxable, but parts and materials used in repairs are subject to the retail sales tax.**
- **Fuel is generally taxable, but liquid petroleum gas is not taxable if used in a primary residence, and natural gas is exempt from the retail sales tax but is subject to an excise tax.**
- **Funeral services are not taxable, but caskets and vaults are subject to the retail sales tax.**

The State Board of Equalization estimates that the exemption of groceries reduces sales tax revenue by $4.3 billion annually, while the exemption for prescription drugs reduces revenue by $1.8 billion. The exemption of gas, electricity and water reduces revenue by $2.3 billion. No estimates are available for the exemption of services, such as intrastate transportation (e.g., airline tickets and tax fares), temporary lodging (hotels and motels), repair and maintenance, health care, and beauty care. If all retail sales were taxed, California could generate the same amount of revenue with a sales tax rate of about 3%. (The current state sales tax rate is 8.25%, but will decrease to 7.25% on July 1. Local governments often levy additional sales tax on top of this amount.)

Here are some general questions to keep in mind as you consider the role of the taxes in California governance, followed by some specific proposals for changing our state’s governing structure that we will explore in greater depth.
• Do you have a clear sense of what your taxes are paying for?

• Is the overall structure of taxes fair?

• How should government deal with year-to-year changes in tax revenue due to ups and downs of the economy? By making taxes easier to adjust on a yearly basis, by committing to surpluses during good economic times, or by changing spending to match the rise and fall of revenue?

• Is the existing tax system too complicated?

• Should the tax system be updated? (This could mean, for example, increasing the number of transactions subject to a tax.)

• Ideally, who should have the authority to raise and lower taxes (state elected officials, local elected officials, or voters) and how should the vote thresholds be decided? Under what conditions?

Specific Proposals for Improving Budget Stability.

Reasons for proposals: In good economic times, tax revenues are likely to be higher than expected. If these additional revenues are used for new permanent spending, problems result when revenues drop. In weak economic times, tax revenues decline, yet spending needs do not necessarily decrease. Greater budget stability is needed to even out these economic effects.

Would you consider:

D1. Enact “Pay as you go” requirements for any legislation that creates new programs or tax cuts at a cost of $25 million or more per year.

D2. Prohibit spending one-time revenue spikes on ongoing programs, and increase the size of the state’s rainy day fund from 5% to a targeted 10% of the state budget.
Specific Proposals for Greater Equity in the Tax System.

Reasons for proposals: Special tax rules for exemptions, exclusions, deductions and credits result in reduced tax collections. These special tax rules are not always available to all taxpayers equally or do not result in equal tax savings to all taxpayers.

Would you consider:

D3. **Expand the sales tax base to include services as well as goods and either:**

   - *reduce the sales tax rate (to maintain the same level of total tax revenue), or*
   - *keep the rate at its current level (to increase revenue).*

D4. **Limit the current California state income tax deduction for home mortgage interest payments to $25,000 per year.**

Specific Proposals for Revisiting Proposition 13.

Reasons for proposals: Today voters and lawmakers often raise questions and concerns about Proposition 13, including whether property should be reassessed more frequently, whether non-residential properties should enjoy the same property tax valuation protections as residential properties, and when simple majority versus supermajority voting requirements are appropriate.

Would you consider:

D5. **Keep the spirit of Prop 13’s protection against reassessment for homeowners, but modifying its property tax provisions by:**

   - *Reassess non-residential or commercial property values more frequently.*
b) Reassess all property values more frequently, while adjusting the current exemption for inflation to $28,630, and allowing it to rise with property values when they are reassessed going forward.

c) Maintain current property reassessment law, but allow the local electorate to raise the property tax rate above the current one percent rate cap.

D6. Replace the state legislative supermajority vote requirement of two-thirds (approximately 67%) for increasing taxes with a 55% requirement.

D7. Lower the vote requirement to pass special taxes to a simple majority (50% + 1), to be the same as the vote requirement to pass general taxes.
## Proposal D1:

Enact “Pay as you go” requirements for any legislation that creates new programs or tax cuts, at a cost of $25 million or more per year.

## Summary:

While our constitution currently requires that the overall state budget must be balanced, this would force the legislature and the governor to provide a funding source (either program cuts or tax increases) for the creation of new programs or for a tax cuts.

### Pros:

- During good times, such as the dot com boom, new programs and tax cuts are enacted, which creates a budget deficit in subsequent years when revenue growth slows or falls.
- This will lead to greater stability in California’s services and taxes, by making sure that legislators and governors pass policies the state will be able to afford in the future.
- The current balanced budget requirement does not impose enough fiscal discipline, because we have seen budget gimmicks in the past few years that allow the state to spend more than incoming revenues can cover.

### Cons:

- Because California has a balanced budget requirement, some fiscal discipline is already built into our system so this is unnecessary.
- Legislators should be able to set new priorities within the state budget as new needs arise, even if there is not a dedicated funding source.
- When supporters of a new program look for a funding source, they could seek to cut the areas of state government that serve the least advantaged or which are not protected by a well-organized and well-funded interest group (although these programs might have legislative champions to fight against such cuts).

### What would need to be done to accomplish this change?

What would need to be done to accomplish this change? This could be enacted through a state law, or could be given greater permanence if passed as a constitutional amendment (which requires a majority vote of the people in a statewide election).
### Proposal D2:

**Prohibit spending one-time revenue spikes on ongoing programs, and increase the size of the state’s rainy day fund from 5% to a targeted 10% of the state budget.**

### Summary:

This requires that all revenue spikes would either be spent on one-time uses, like building roads, schools, or paying down debt, or put into a larger rainy day fund than the one we have now (which is targeted at 5% of the budget, or $4.6 billion).

### Pros:

- The state often makes long-term commitments to new programs when revenues rise, but does not have a large enough rainy day fund to weather a major budget crisis.
- It is critical for the state to maintain an adequate budget reserve. If we came into this recession with a larger rainy day fund, state budget cuts would not have been nearly as severe.
- Limiting the use of revenue spikes to fund one-time expenses like repairing the state’s infrastructure, or paying down debt makes sense, and prevents the state from committing the money to permanent programs that may have to be eliminated when the money goes away.

### Cons:

- Passing this provision would mean that when the economy recovers over the next few years, the state’s ability to use those new revenues to undo the deep cuts made to health, social services and higher education would be limited.
- It could be difficult to determine precisely what is a “revenue spike.” Many state revenues rise and fall with the economy, meaning they will always fluctuate over time.
- The proposed reserve sets aside too much revenue, particularly if lawmakers adopt other reforms to reduce volatility. No other state has a reserve this large.

### What would need to be done to accomplish this change?

The limits on spending of revenue spikes could be enacted through a state law, or could be given greater permanence if passed as a constitutional amendment (which requires a majority vote of the people in a statewide election). Changes to the state’s rainy day fund would require a constitutional amendment.
**Proposal D3:**

Expand the sales tax base to include services as well as goods and either:

a. reduce the sales tax rate overall, keeping revenues neutral

b. keep the sales tax rate constant, raising state and local revenues

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**Summary:**

As of July 1, 2011, the state sales tax will be 7.25%, but about 2/3 of spending by households is either exempt from any sales tax (e.g. food, hair styling, pet care) or taxed at lower rates (e.g. insurance, utilities). These proposals would apply the existing sales tax rate to a broad range of services to generate new revenues or expand sales tax to services while reducing rates to produce the same level of revenue. (Local governments often levy additional sales tax to the 7.25 percent.)

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### Pros:

- There has been a long-term decline in the portion of retail transactions that are taxable, which both proposals would reduce.
- Proposal D3a allows a much lower sales tax rate without reducing revenue.
- Proposal D3b would raise revenues for the state without changing the sales tax rate.
- Both proposals make sales tax fairer among households that differ only in the way they spend their income.
- This proposal updates the existing tax code to take account of the economic changes over the past three decades, including the far larger role now played by service industries.
- For D3b, increased sales tax revenues could reduce the state's reliance on highly cyclical capital gains and income taxes, reducing the volatility in revenue collections and easing the feast-and-famine cycle in state budgeting.
- For D3b, applying sales taxes to a few of the areas already taxed by many states — automobile repairs, personal entertainment and recreation, business equipment repair, and dry cleaning and laundry — would raise an estimated $2.7 billion annually.

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### Cons:

- Implementing a sales tax on services will involve time and costs associated with setting up a system to administer it.
- Taxing service industries could discourage job creation in some of the largest sectors of the California economy.
- Food, prescription drugs, and many services are necessities; many people believe only discretionary spending should be taxed.
- For Proposal D3a, this would miss an opportunity to raise state revenues at a time when they could close our budget gap, while potentially angering voters who pay new forms of sales tax but do not see any increased services offered by the state.
- For D3b, because the sales tax is highly regressive, costing less affluent Californians a much higher proportion of their incomes, an expansion of sales tax could shift the taxation burden onto lower-income households.

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**What would need to be done to accomplish this change?**

Both proposals could be enacted through changes in state law, though the implementation of each would be complicated and changes to taxes on things like fuel could require the passage of propositions.
Proposal D4:
Limit the current California state income tax deduction for home mortgage interest payments to $25,000 per year.

Summary:
Currently, both the state and federal government allow homeowners who itemize their deductions to deduct their mortgage interest payments from their income taxes. This proposal would limit, for state taxes only, this deduction to the first $25,000 of mortgage interest paid per year.

Pros:
- Current policy reduces the state’s income base. This proposal raises revenues for the state of California.
- This proposal increases the fairness of the system by reducing disparities in tax payments among households with the same income that occur based on whether they are renters or homeowners.
- Current policy pushes residents toward a financial decision — buying a home — that may not always be in their best interest. This proposal eliminates that incentive, for which there may not be a clear public purpose.
- The current rules go beyond what is needed to help encourage people to own a principal residence.
- This proposal is targeted only at the owners of expensive homes who pay more than $25,000 a year in mortgage interest, and would not affect other Californians.

Cons:
- Like other deductions and credits, this incentive for homeowners serves a clear public purpose that is worth its cost in tax expenditures.
- Many Californians purchased homes based on the expectation that they would receive this tax deduction over the 15-30 year life of their mortgage, so limiting it would throw their personal budgets out of balance.
- This would create a mismatch between tax deductions given by the federal government and deductions given by the state.
- The proposal is too broad. Some alternatives, such as phasing out deductions for interest on a second home and home equity debt or converting the deduction to a tax credit, may work better.

What would need to be done to accomplish this change?
This could be enacted through a state law.
### Proposal D5a:

**Reassess non-residential property values more frequently.**

### Summary:

This implements a “split roll” taxation of property, keeping Prop. 13’s protection of residential property against reassessment but removing this protection for non-residential property.

### Pros:

- Under current law, property is reassessed when it changes hands. For businesses, this happens only when majority ownership changes, which occurs less frequently than the ownership changes for residential property. So this proposal increases fairness between residential and non-residential property taxation.
- Allows local governments to increase revenue.
- Increases local government reliance on property taxes, which are the least sensitive to economic cycles, and reduces reliance on highly uncertain state aid.
- Satisfies main argument for Proposition 13, which was to protect citizens from being forced to sell their homes due to rising property values.

### Cons:

- Increases tax burden on California businesses, discouraging investments which lead to economic growth.
- Hurts small businesses the most.
- Removes Proposition 13 protections of businesses, both small and large, at the time when California businesses can least afford it.
- Increases the workload of county assessors and related administrative costs.
- Non-residential property is held by various entities in many different and complex ways, which makes change of ownership difficult to define and easy to avoid, even when actual changes have occurred. This proposal would be difficult to implement.

### What would need to be done to accomplish this change?

This would need to be passed as a constitutional amendment, which requires a majority vote of the people in a statewide election.
### Proposal D5b:

Reassess all property values more frequently, while adjusting the current exemption for inflation to $28,630, and allowing it to rise with property values when they are reassessed going forward.

### Summary:

Adjusts Proposition 13 rules that limit how much assessed values can rise in any given year unless property changes hands. Increases local property tax revenues.

### Pros:

- Reduces inequities in current law, which forces new property owners to pay far higher property taxes than long-time residents for identical properties.
- Increases local government revenue, reducing dependence on the state.
- Encourages local governments to invest in programs and services that increase property values by allowing them to capture part of the increases.
- Increases local government reliance on property taxes, which are least sensitive to economic cycles, and reduces reliance on highly uncertain state aid.
- Reduces barriers to mobility, by eliminating current rules that produce significant tax increases when homes are bought and sold.

### Cons:

- Increases volatility of property tax dollars, which will rise during housing bubbles and decline during recessions.
- Unfair to residents on fixed-incomes, who could face financial strain when market bubbles drive up property values. Reassessment to market value increases the hardship on families that experience a fall in income and on the elderly, if they are not protected by a large-enough increase in the amount of property exempt from taxation.
- Taxes residents based on the potential value of their homes, not based on how much they can actually afford to pay at any given point in time.

### What would need to be done to accomplish this change?

This would need to be passed as a constitutional amendment, which requires a majority vote of the people in a statewide election.
**Proposal D5c:**

Maintain the current property reassessment law, but allow the local electorate to raise the property tax rate above the current one percent rate cap.

**Summary:**

Adjusts Proposition 13 rules that limit property taxes to 1 percent of assessed valuations, allowing local governments to increase rates. This would not affect current limits on how often property can be reassessed.

<table>
<thead>
<tr>
<th><strong>Pros:</strong></th>
<th><strong>Cons:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduces government reliance on highly volatile income taxes and increases amount of revenue from more predictable revenue sources.</td>
<td>Undermines the spirit of Proposition 13.</td>
</tr>
<tr>
<td>Allows local governments to be more self-sufficient, reducing their reliance on state transfers.</td>
<td>Increases tax burdens for people living on fixed incomes. Higher property taxes are hard on families that experience a temporary drop in income and on elderly taxpayers who want to remain in their homes.</td>
</tr>
<tr>
<td>Economists have argued that California’s lower property taxes have caused an offsetting increase in real estate prices, which are higher in California than other states, and so families do not pocket all of the potential savings from lower taxes.</td>
<td>Higher property taxes discourage investment in homes and businesses.</td>
</tr>
</tbody>
</table>

**What would need to be done to accomplish this change?**

This would need to be passed as a constitutional amendment, which requires a majority vote of the people in a statewide election.
<table>
<thead>
<tr>
<th>Proposal D6:</th>
<th>Summary:</th>
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<tbody>
<tr>
<td>Replace the state legislative supermajority vote requirement of two-thirds (approximately 67%) for increasing taxes with a 55% requirement.</td>
<td>The state constitution currently requires a two-thirds vote of the Legislature to increase taxes. This proposal would allow a 55% majority of each house of the legislature to increase taxes, slightly greater than a simple majority (of 50% plus 1).</td>
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<table>
<thead>
<tr>
<th>Pros:</th>
<th>Cons:</th>
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</thead>
<tbody>
<tr>
<td>Because a majority of lawmakers can currently reduce taxes and pass budgets, this puts control over tax increases into the hands of a 55% block of legislators that is close in size to that simple majority.</td>
<td>Makes it easier to raise taxes, eliminating current checks and balances.</td>
</tr>
<tr>
<td>Makes balancing the budget much easier.</td>
<td>Eliminates incentives for bipartisanship in fiscal policy. In most years, this would allow for one-party control of state fiscal policy.</td>
</tr>
<tr>
<td>Would likely end the costs and hardships of the annual delay in passage of the state budget, which often requires tax increases in order to be balanced.</td>
<td>If Democrats maintain their strong majorities in both houses of the Legislature, this would likely lead to higher taxes and bigger government.</td>
</tr>
<tr>
<td>Prevents a small minority of legislators from obstructing the business of the state.</td>
<td></td>
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</table>

What would need to be done to accomplish this change?

This would need to be passed as a constitutional amendment, which requires a majority vote of the people in a statewide election.
**Proposal D7:**

Lower the vote requirement to pass special taxes to a simple majority (50% + 1), to be the same as the vote requirement to pass general taxes.

**Summary:**

Under current law, local governments can increase “general” (un-earmarked) taxes with a simple majority vote, but need a two-thirds vote for “special” (earmarked) tax increases. This proposal would lower the threshold for special taxes to a simple majority from the current two-thirds requirement.

<table>
<thead>
<tr>
<th><strong>Pros:</strong></th>
<th><strong>Cons:</strong></th>
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</thead>
<tbody>
<tr>
<td>🔄 Allows the majority of voters to control government financing.</td>
<td>🔄 Would likely bring an increase in local taxes and the size of local governments.</td>
</tr>
<tr>
<td>🔄 Allows local governments to increase revenue and be less dependent on the state.</td>
<td>🔄 Could allow a small majority of voters to force a large minority of residents to pay more.</td>
</tr>
<tr>
<td>🔄 By allowing the level of local taxes to better reflect the preferences of a majority of residents, increases the accountability of local government.</td>
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</tbody>
</table>

**What would need to be done to accomplish this change?**

This would need to be passed as a constitutional amendment, which requires a majority vote of the people in a statewide election.
## Glossary

<table>
<thead>
<tr>
<th>Keyword</th>
<th>Definition</th>
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<tbody>
<tr>
<td>annexation</td>
<td>the legal incorporation of adjacent territory into an existing city. Usually involves incorporation of county-controlled area into nearby city.</td>
</tr>
<tr>
<td>assessed value</td>
<td>the dollar value assigned to a property and its improvements (e.g. house) for the purpose of levying property taxes. In California, assessed values are usually significantly lower than the true market value due to limitations on reassessment put in place by Proposition 13.</td>
</tr>
<tr>
<td>Attorney General</td>
<td>an elected official of the state government responsible for ensuring proper enforcement of the law and heading the Department of Justice.</td>
</tr>
<tr>
<td>ballot-box budgeting</td>
<td>used to refer to the process of making decisions about government budgets through direct democracy.</td>
</tr>
<tr>
<td>bicameral legislature</td>
<td>the legislative chamber is made up of two separate bodies, the Assembly and the Senate.</td>
</tr>
<tr>
<td>Bill Lane Center for the American West at Stanford University</td>
<td>a non-partisan organization dedicated to advancing scholarly and public understanding of the past, present, and future of western North America.</td>
</tr>
<tr>
<td>bipartisan</td>
<td>having support from both political parties.</td>
</tr>
<tr>
<td>Board of Supervisors</td>
<td>an elected body of legislators that sets policy governing local county government. The supervisors oversee the counties’ functions as providers of social services and also provide basic municipal services (e.g. law enforcement) to unincorporated portions of counties.</td>
</tr>
<tr>
<td>boards/commissions</td>
<td>for the state, counties, and cities, boards and commissions represent (usually) advisory bodies of knowledgeable local citizens who help lawmakers make policy decisions. For</td>
</tr>
</tbody>
</table>
special-purpose government agencies, these are boards of directors that directly make policy for the agencies. Board members and commissioners are either appointed by elected officials or are directly elected by the voters.

**budget reserve**

money set aside in the state or local budget that is usually not spent but is instead kept on hand in case unforeseen expenses arise or revenues decline unexpectedly.

**business cycle**

the predictable long-term pattern of alternating periods of economic growth and decline.

**California Common Cause**

a non-partisan citizens’ organization whose goal is to ensure open, honest, and accountable government.

**California Forward**

a non-partisan, non-profit organization working to identify common sense steps Californians can take to make government work. California Forward accomplishes this through broad consultation and analysis of critical problems facing the state, and then identifies nonpartisan reforms that can make a difference.

**CalWORKS**

California’s implementation of the federal welfare program, which provides temporary financial assistance and employment focused services to families with minor children whose income makes them eligible for the program.

**capital gains tax**

a tax levied on capital gains incurred by individuals and corporations. Capital gains are the profits that an investor realizes when he or she sells capital assets for a price that is higher than the price they paid to purchase it. Because capital gains income is closely linked to investment returns, it is generally far more sensitive to the ups and downs of the economy then income taxes levied on salaries and wages.

**car tax**

a tax assessed on the value of residents’ motor vehicles (known as the vehicle license fees) that owners pay when they renew their car registration every year. Most of the revenue raised through this tax goes to local governments.

**Center for Deliberative Democracy at Stanford University**

a non-partisan organization devoted to research about democracy and public opinion obtained through
Deliberative Polling®. The Center has organized Deliberative Polls throughout the United States, Europe, and Asia.

**chart county**

a California county that has written and adopted, via a vote of its residents, a local “constitution,” or charter, that governs the way its government functions.

**citizen legislature**

a part-time body with little compensation and few staff assistants.

**city government**

in most cities, voters elect the legislative branch of government known as the city council that makes major policy decisions. Members of the city council then hire a city manager who administers the day-to-day functions of the city. In a few, mostly larger cities, voters elect a mayor who serves as the chief executive of the jurisdiction, in place of the city manager.

**congruence**

the degree to which voters’ preferences match the political policies enacted the legislature.

**constituents**

either voters or residents of an elected official’s district.

**constitution**

a set of fundamental principles or established precedents according to which a state (California) or other organization is governed.

**constitutional amendment**

a small/minor change to the constitution of the state, needs approval from the people.

**constitutional convention**

a gathering for the purpose of writing a new constitution or revising an existing constitution.

**constitutional revision**

substantial changes in quantity or quality to the constitution, needing approval from the legislature or a constitutional convention and then approval from the people.

**coordination**

the ability of several independently elected and funded government agencies to work together to achieve common policy goals or bring about mutual gains.

**corporate income tax**

a tax levied on companies that are based or are doing business in the state of California.

**county government**

county governments in California have primarily two major
functions: (1) counties administer most forms of social services, including those funded by the state and federal government, and work with individuals who receive benefits through these programs; (2) counties provide certain law-enforcement functions, such as the offices of district attorneys and certain courts. In addition, counties provide basic municipal services (e.g. police, land-use planning) for people living in unincorporated areas (e.g. not within established city boundaries). County supervisors, who are usually elected within geographic districts, serve as the primary policy makers for county governments.

Davenport Institute for Public Engagement and Civic Leadership at Pepperdine University

a non-partisan organization dedicated to helping solve California’s public problems by promoting citizens’ participation in governance.

deficit

the difference between the amount of money that a government spends (or plans to spend) and the amount of revenues that a state takes in (or expects to take in).

Deliberative Polling®

an attempt to use public opinion research in a new and constructive way. The polling process reveals the conclusions the public would reach if people had opportunity to become more informed and more engaged by the issues.

district office

a legislator’s office located in the district that the legislator represents.

economic impact analyses

examine the effect of a policy, program, project, activity or event on the economy of a given area. Economic impact is usually measured in terms of changes in economic growth (output or value added) and associated changes in jobs (employment) and income (wages).

economies of scale

the increase in efficiency that results when the number or volume of goods produced increases. In the context of government, this refers to the potential to realize savings or efficiencies by having multiple government agencies work together to provide some public service to constituents, rather than having each agency provide the service independently.

effective tax rate

the actual amount of tax paid divided by the taxable income, expressed as a percentage. The effective tax rate is usually
lower than the official or publicized tax rate because it takes into account deductions and tax credits that lower the overall tax bill.

**excise tax**
a tax on items such as gasoline, tobacco, or alcohol usually calculated as a flat amount per a certain amount of quantity purchased.

**faction**
a grouping of individuals, such as a political party, a trade union, or other group with a political purpose. They band together as a way of achieving these goals and advancing their agenda and position.

**fiscal estimate**
estimation of any increase or decrease in revenues, or costs to the state or local government incurred by the passage of a ballot measure.

**full-time legislature**
full-time legislatures are active year-round. They are paid enough to make a living without requiring outside income. These legislatures are more similar to Congress in their schedule.

**Assembly**
the lower house of the California state legislature that has 80 members which are term limited to serve a maximum of three, two-year terms.

**general fund**
the monies available for the state to use for most of its functions without restrictions. They come mostly from income and sales taxes. General funds do not include payments to the state from the federal government (“federal funds”), or fund sources that are restricted for specific purposes, like transportation or environmental programs (“special funds”).

**general law county**
a California county that does not have a written “constitution,” or charter, and instead operates using broad powers specified by state law.

**grassroots**
a movement driven by the politics of a community. The term highlights the differences between this and a movement that is orchestrated by traditional power structures. Grassroots movements are often at the local level, as many volunteers in the community give their time to support the local party, which can lead to helping the national party.
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>gubernatorial</td>
<td>relating to the governor.</td>
</tr>
<tr>
<td>Healthy Families</td>
<td>a low cost insurance program that provides health, dental and vision</td>
</tr>
<tr>
<td></td>
<td>coverage to children who do not have insurance today and who do not</td>
</tr>
<tr>
<td></td>
<td>qualify for Medi-Cal, the state’s health insurance program for the</td>
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<tr>
<td></td>
<td>impoverished. It is funded by the state and federal governments.</td>
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<tr>
<td>hotel bed tax</td>
<td>a tax levied for the privilege of occupying a room or other living space</td>
</tr>
<tr>
<td></td>
<td>in a hotel, inn, motel or other lodging, usually for period of 30 days</td>
</tr>
<tr>
<td></td>
<td>or less. Usually calculated as a percentage of the hotel room rate.</td>
</tr>
<tr>
<td>indirect initiative</td>
<td>a process allowing proponents to gather signatures and present a measure</td>
</tr>
<tr>
<td></td>
<td>to the legislature for enactment (as opposed to voters on the ballot.)</td>
</tr>
<tr>
<td></td>
<td>Repealed for lack of use in 1966 in CA.</td>
</tr>
<tr>
<td>initiative process</td>
<td>the process by which a petition is signed by a certain minimum number of</td>
</tr>
<tr>
<td></td>
<td>registered voters and can force a public vote on a proposed statute,</td>
</tr>
<tr>
<td></td>
<td>constitutional amendment, charter amendment or ordinance.</td>
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<tr>
<td>Instant-Runoff Voting (IRV)</td>
<td>also known as the alternative vote (AV) and ranked choice voting, this is</td>
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<td></td>
<td>a voting system used to elect one winner from a pool of candidates using</td>
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<td>preferential voting. Voters rank candidates in order of preference, and</td>
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<td>their ballots are counted as one vote for their first choice candidate.</td>
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<tr>
<td></td>
<td>If a candidate secures a majority of votes cast, that candidate wins.</td>
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<td></td>
<td>Otherwise, the candidate with the fewest votes is eliminated. A new</td>
</tr>
<tr>
<td></td>
<td>round of counting takes place, with each ballot counted as one vote for</td>
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<tr>
<td></td>
<td>the advancing candidate who is ranked highest on that ballot. This</td>
</tr>
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<td>process continues until the winning candidate receives a majority of the</td>
</tr>
<tr>
<td></td>
<td>vote against the remaining candidates.</td>
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<tr>
<td>institutional memory</td>
<td>a collective set of facts, concepts, experiences and know-how held by a</td>
</tr>
<tr>
<td></td>
<td>group of people. As it transcends the individual, it requires the ongoing</td>
</tr>
<tr>
<td></td>
<td>transmission of these memories between members of this group.</td>
</tr>
<tr>
<td>interest group</td>
<td>a group (also called an advocacy group, lobbying group, pressure group,</td>
</tr>
<tr>
<td></td>
<td>or special interest), however loosely or</td>
</tr>
</tbody>
</table>
tightly organized, that is determined to encourage or prevent changes in public policy without trying to be elected.

**intergovernmental transfer**

revenues received by county and city governments from the state or federal government.

**League of Women Voters**

a nonpartisan political organization for women and men which encourages informed and active participation in government and influences public policy through education and advocacy.

**Legislative Analyst**

a non-partisan, legislatively-appointed official of the state government who analyzes for legislators the effects of proposed laws and writes the voter information guide.

**legislative committees**

units of a legislature within a legislative chamber that allow smaller groups of legislators to review policy matters or proposed bills more closely than would be possible by the entire chamber.

**legislative districts**

a territorial division of a state; entitled to elect member(s) to a legislative body.

**legislative referendum**

a proposal placed on the ballot by the legislature.

**litigation**

a legal proceeding in a court; a judicial contest to determine and enforce legal rights.

**lobbyist**

a person who tries to influence legislation on behalf of a special interest or organization.

**MacNeil-Lehrer Productions**

a civic journalism project that most recently worked with the Center for Deliberative Democracy to produce a state-wide Deliberative Poll and follow up documentary in Michigan called “Hard Times, Hard Choices.”

**MediCal**

California’s implementation of the federal Medicaid program, which provides health insurance and long-term care to low-income children, their parents, elderly, and disabled people in the state.

**multi-member districts**

a district that has more than one representative in the legislature.

**multi-year budgeting**

the development and formal adoption of an expenditure
and revenue document that spans two or more years, contrasted with the current budgeting process in California and US Federal Government that budgets on an annual basis.

New America Foundation  
a nonprofit, nonpartisan public policy institute that invests in new thinkers and new ideas to address the next generation of challenges facing the United States. Headquartered in Washington, DC, New America also has a significant presence in California.

Nicolas Berggruen Institute  
an independent, non-partisan think tank and consultancy engaged in the comparative study and design of systems of governance suited to the new and complex challenges of the 21st century.

Office of the Legislative Counsel  
a nonpartisan public agency that drafts legislative proposals, prepares legal opinions, and provides other confidential legal services to the Legislature and others.

overlapping jurisdiction  
two or more local governments—for example a city government and a school district—that are accountable to the same subsets of voters and generally levy taxes on the same populations.

part-time legislature  
a legislature that is active significantly less than full-time or year-round. The compensation they receive for this work is also less than full-time pay and requires them to have other sources of income in order to make a living. They are often called traditional or citizen legislatures and are often found in lower population, more rural states.

partisan  
the term is often understood to carry a negative connotation - referring to those who wholly support their party’s policies and are perhaps even reluctant to acknowledge correctness on the part of their political opponents in almost any situation.

partisan polarization  
the ideological distance between the Democrats and Republicans in the legislature.

PayGo  
“pay-as-you-go” refers to the practice of financing expenditures with funds that are currently available rather than borrowed.

performance-based budgeting  
a process of budgeting that requires the governor and
legislature to establish clear goals and performance measures for all state programs. Lawmakers must periodically review programs to assess their success and make adjustments as needed.

**political gridlock**

a term referring to the difficulty or inability of a legislature to pass laws as a result of intransigence of legislators related to their political views.

**popular sovereignty**

the political principle that the legitimacy of the state is created by the will or consent of its people, who are the source of all political power.

**property assessments**

an annual assessment used to fund local public services —usually infrastructure projects—that is levied annually on property owners. The assessments are usually calculated so that the amount paid by each property owner is proportional to the amount of benefit they receive from the funded project or program.

**proponents**

the supporters of an initiative who first submit it to the state.

**proportional representation**

a system of electing representatives where each political party is given the number of places which is directly related to the number of votes cast for the party.

**Proposition 13**

a successful 1978 initiative which reduced property tax rates and restricted the taxing powers of state and local government.

**Proposition 140**

a successful 1990 initiative which amended the California constitution to limit the number of terms that California state senators and representatives can serve in office.

**Proposition 63**

a successful 2004 initiative that levied an additional 1 percent state tax on incomes of $1 million or greater to pay for fundamental health service programs.

**Proposition 91**

a failed 2008 proposition to amend the California constitution to prohibit gasoline sales taxes that are earmarked for transportation purposes from being retained in the state’s general fund.

**propositions**

a suggested law or change to a law that is proposed and voted on directly by the people; used to describe both
public hearings: a process by which the legislature publicly states the proposed initiatives and seeks feedback from the people.

public interest: the common well-being or general welfare of society; acting ‘in the public interest’ is acting for the benefit of the people as a whole.

Public Policy Institute of California: a nonprofit, nonpartisan think tank. PPIC is dedicated to informing and improving public policy in California through independent, objective, nonpartisan research on major economic, social, and political issues.

public review: the idea that proposed initiatives be available to the public to consider and comment on prior to being placed on the ballot.

qualification period: the period during which proponents of an initiative or referendum can gather signatures to qualify it for the ballot, limited to 150 days.

rainy day fund: a contingency pot of state revenue set aside to be drawn upon in case of a budget deficit or unexpected slowdown in revenue collection, to avoid sudden cuts to public programs and services.

representative: a person elected to represent a group of people in government for a certain amount of time; commonly used to refer to state senators and assemblymembers.

representative democracy: a system in which voters delegate law-making powers to their elected officials.

revenue volatility: the extent to which money collected by the state or local governments fluctuates year to year, often in response to changing economic conditions.

Sacramento: the capital city of California, also used as a colloquial term to describe the state government as a whole.

Senate: the upper house of California’s legislature with 40 members who serve a maximum of two four-year terms.

simple majority: a condition that a proposal may be passed by more than 50% of the vote as opposed to a supermajority that requires...
a higher level of support to be passed.

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<td>social safety net</td>
<td>programs seeking to prevent the poor or those vulnerable to shocks and poverty from falling below a certain poverty level; can be sponsored by the government or by private organizations.</td>
</tr>
<tr>
<td>special district</td>
<td>a special-purpose local government agency set up to provide a specific public service. School districts are one of the most common type of special-purpose governments in California, although other special districts deliver potable water and provide other essential government services.</td>
</tr>
<tr>
<td>special interests</td>
<td>groups that try to influence government to support the industry or particular concerns that they belong to or support.</td>
</tr>
<tr>
<td>sponsored legislation</td>
<td>bills written by outside groups, both campaign contributors and public interest organizations, that are then introduced on the floor of the legislative chamber by members of the legislature.</td>
</tr>
<tr>
<td>statutes</td>
<td>a formal written enactment of a legislative authority that governs a state, city, or county; law that comes from the legislature as opposed to the court system or a government agency.</td>
</tr>
<tr>
<td>structural deficit</td>
<td>the difference between ongoing revenues and ongoing expenditures during a fiscal year. If ongoing expenditures exceed ongoing revenues, the state is in a structural deficit. The state can have a structural deficit but still have a constitutionally-balanced budget because of an adequate beginning fund balance to absorb the difference, or because of the use of fund transfers or other temporary revenues.</td>
</tr>
<tr>
<td>super majority</td>
<td>a requirement that a proposal can only be passed if it gains a specified level of support which exceeds a simple majority vote, often 2/3rds.</td>
</tr>
<tr>
<td>telephone polls</td>
<td>a method used to collect, in a systematic way, information from a sample of individuals by calling them on the telephone.</td>
</tr>
<tr>
<td>term limits</td>
<td>a legal restriction that limits the number of terms a person may serve in a particular elected office. Currently in California statewide officials can served two four-year terms, state senators can serve two four-year terms and</td>
</tr>
</tbody>
</table>
state assembly members can serve three two-year terms.

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<tbody>
<tr>
<td>unfunded mandates</td>
<td>regulations by a state (California) or federal government that impose costs on a local government or private entity for which they are not reimbursed by the state.</td>
</tr>
<tr>
<td>unicameral legislature</td>
<td>a legislature which consists of a single house or chamber.</td>
</tr>
<tr>
<td>utility users tax</td>
<td>a tax levied by some local governments on the users of telephone, electricity, gas, and cable services.</td>
</tr>
<tr>
<td>voter information guide (ballot pamphlet)</td>
<td>an informational guide sent out by the state (California) prior to an election that provides additional information to voters; this may include summaries, impact analyses and arguments in favor of or against the proposed ballot measures.</td>
</tr>
<tr>
<td>voting thresholds</td>
<td>a clause that stipulates that a measure or candidate must receive a minimum percentage of votes to win the election.</td>
</tr>
<tr>
<td>winner-take-all</td>
<td>in this voting system the single winner is the person with the most votes; there is no requirement that the winner gain an absolute majority of votes.</td>
</tr>
</tbody>
</table>
This group of scholars serve on the academic advisory group to “What’s Next California?,” and many members of this group have drafted or reviewed these background materials. Neither the members of the group nor their institutions endorse any of the individual proposals or the arguments in favor of or against them.
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Bob Stern, Center for Governmental Studies

The statewide Advisory Committee for “What’s Next California?” have worked diligently over the past several months to develop the difficult trade-off decisions inherent in the enclosed reform proposals. Their participation in this effort should not be seen as an official endorsement of the reforms outlined here.

Funders

What’s Next California is made possible by generous contributions from The S.D. Bechtel Jr. Foundation, The William and Flora Hewlett Foundation, the Automobile Club of Southern California, the American Leadership Forum — Silicon Valley, California Forward, Emerson Collective, John and Ann Doerr, David Davenport and Lenny and Christine Mendonca.
California Forward is a non-partisan, non-profit organization working to identify common sense steps Californians can take to make government work. California Forward accomplishes this through broad consultation and analysis of critical problems facing the state, and then identifies nonpartisan reforms that can make a difference.

The New America Foundation is a nonprofit, nonpartisan public policy institute that invests in new thinkers and new ideas to address the next generation of challenges facing the United States. Headquartered in Washington, DC, New America also has a significant presence in California, the nation’s largest laboratory of democracy.

The Public Policy Institute of California is a nonprofit, nonpartisan think tank. PPIC is dedicated to informing and improving public policy in California through independent, objective, nonpartisan research on major economic, social, and political issues. PPIC does not take or support positions on any ballot measure or on any local, state, or federal legislation, nor does it endorse, support, or oppose any political parties or candidates for public office.

The Nicolas Berggruen Institute is an independent, non-partisan think tank and consultancy engaged in the comparative study and design of systems of governance suited to the new and complex challenges of the 21st century.

The Bill Lane Center for the American West at Stanford University is dedicated to advancing scholarly and public understanding of the past, present, and future of western North America.

The Davenport Institute for Public Engagement and Civic Leadership at Pepperdine University is dedicated to helping solve California’s public problems by promoting citizens’ participation in governance.

California Common Cause is a non-partisan citizens’ organization whose goal is to ensure open, honest, and accountable government.

The Center for Deliberative Democracy at Stanford University is devoted to research about democracy and public opinion obtained through Deliberative Polling®. The Center has organized Deliberative Polls throughout the United States, Europe, and Asia. For more about Deliberative Polling® see http://cdd.stanford.edu.

MacNeil/Lehrer Productions’ By the People project is a civic journalism project that most recently worked with the Center for Deliberative Democracy to produce a state-wide Deliberative Poll and follow up documentary in Michigan called “Hard Times, Hard Choices.”