Viewpoints: Five changes Californians must approve for reforms

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Special to The Bee
Published: Friday, Dec. 31, 2010 - 12:00 am | Page 13A

As California begins another year with a huge budget deficit, let me make some predictions.

Before the confetti from the New Year's party hits the floor, the Legislature will slide into its time-honored gridlock. With the simple majority budget vote granted by Proposition 25, Democrats will propose a budget balanced with new taxes or fees.

But Proposition 26 now requires a two-thirds vote on most new fees (the same as for new taxes), and Republicans will emphatically say no. But because Proposition 25 also requires that legislators forgo salaries and per diem payments if a budget is not approved by June 15, the two sides may well wink at each other as they have done so many times before and approve a budget based on mythical revenue and balanced only by Enron accounting standards.

Gov.-elect Jerry Brown has said he won't allow that scenario to play out. He's already hard at work trying to put together a real budget. He'll tell us that it's impossible to balance the budget in one year; that we could close all our prisons and higher education system and still not balance the budget. Since that's impractical, the option is to make huge cuts across the board, including K-12 education, which will make California voters very unhappy. So he'll ask the voters to approve a "workout plan" to balance the budget, say over three years, with a mix of spending cuts and temporary tax increases, until the economy recovers.

Personally, my response to that request would be an emphatic "no" … unless – and this is a huge unless – the workout plan includes governance reforms that prevent us from ever getting into this mess again.

We need:

(1) outcomes-based budgets, so we know what our tax dollars are paying for.

(2) metrics by which to measure performance and strong oversight so we can mend or end programs that aren't working,

(3) two-year budgets in the context of five-year revenue outlooks, so we can be sure we aren't spending what we don't have.
(4) a mechanism for capturing one-time revenue spikes, filling the rainy day fund and limiting one-time revenue for one-time uses, starting with paying down debt, and

(5) pay-as-you-go provisions requiring that new or expanded programs (created through the legislative or initiative process) identify how they will be funded.

These are not new ideas. California Forward proposed them almost two years ago. State Sens. Lois Wolk of Davis and Mark DeSaulnier of Concord advanced provisions 1, 2 and 3 last year. They were overwhelmingly approved by the Senate on a bipartisan vote but never got through the Assembly. Provision 4 was agreed to in the budget negotiations last year but will not go before voters until 2012. If Brown asks voters to approve a workout plan in 2011, this revenue provision should be on the same ballot to assure voters he's proposing a comprehensive workout plan. During the campaign, Brown advocated for provision number 5. This also must be on the same ballot.

But budget reforms are not enough. Our current governance structure is both inefficient and ineffective. We must bring government closer to the people. State government should only do those things that can't reasonably be done by local government and set equitable standards so that every individual, every community and every region has an opportunity to prosper.

Local governments must be empowered to do a better job of educating our children, developing the work force and infrastructure that attracts the private investment that generates jobs, reducing crime and poverty, and improving health.

We need to replace top-down, silo-based governance with community approaches that concurrently advance our economic, social and environmental goals. Local government can do the job cheaper and better without micromanagement from Sacramento. Outcomes-based budgets at the local level will provide accountability.

We need mechanisms with incentives for regional collaboration on issues that cross local government boundaries, such as transportation, air quality, water and regional economic development. When we've figured out what responsibilities belong where, we need to align tax revenue with responsibilities – no unfunded responsibility shifts.

This restructuring won't be easy. California Forward has analyzed best practices in other states and launched a statewide community dialogue, "Speak up California," to invite suggestions from every part of our state. When the voters are asked to approve a workout plan, a restructuring proposal should also be on the ballot. Voters need to know they will not be supporting a plan that leaves us with the same dysfunction we have today.

We can restore the California Dream, but only if we join together to insist on it.