



CITY OF CITRUS HEIGHTS

Memorandum

February 11, 2010

TO: Mayor and City Council Members
Henry Tingle, City Manager

FROM: Amy Van, City Clerk

SUBJECT: Presentation by California Forward (aka Leading California)

Approved and Forwarded to City Council	
_____	Fin.
_____	Atty.

Henry Tingle, City Manager	

Summary and Recommendation

The following materials are attached and have been provided to the City Council for review prior to the presentation by California Forward at the February 11, 2010 Council Meeting:

- The Leading California (California Forward) 2010 Reform Act Fact Sheet
- The Leading California Best Practices Budget Accountability Act Endorsement Form
- The Leading California Community Funding Protection Accountability Act Endorsement Form
- The Leading California 2010 Reform Act Q and A
- The Leading California Biography of Jim Mayer, Executive Director of California Forward

Leading California

"I ask you to also take action on the Best Practices Budget Accountability Act, which has been drafted by the reform group California Forward under the leadership of Bob Hertzberg...I especially support its proposal for performance-based budgeting and applying one-time spikes in revenues to one-time uses, such as debt reduction, infrastructure and creating a rainy day fund.... the Legislature should be given a chance to enact reforms before reforms go directly to the people. Well, here is that chance. I urge you to take it." – Governor Arnold Schwarzenegger, State of the State Address, January 6, 2010

THE CALIFORNIA FORWARD 2010 REFORM PLAN

California has always led the way, in jobs and technology, education and quality of life. We need comprehensive reform to get our state moving again so that California can lead again.

Politics as usual won't solve our problems. The California Forward Action Fund is a nonpartisan organization with no political ties or partisan agendas, and is led by citizens of every walk of life willing to put California first.

We've created a plan that puts community interests before special interests, protects funding for local services and provides a strong preference for government that's closer to the people. And our plan takes practices that have proven themselves in business and other states, and puts them to work in California, balancing the budget, reducing waste and delivering better results for people.

BEST PRACTICES BUDGET ACCOUNTABILITY ACT: A BUDGET THAT APPLIES LESSONS LEARNED

Our plan calls for the state budget to set clear goals, design plans to achieve them, and take action when things go wrong. It's time to apply the best practices from successful businesses and other states to California's dysfunctional budget process, including:

- **Planning ahead on spending.** Requires the Governor and lawmakers to think long-term about spending priorities and revenues by reviewing a two-year spending plan along with a five-year fiscal forecast before approving the annual budget. The measure also strengthens requirements for quick action when the budget is out of balance.
- **Results and accountability.** Requires clear goals for every program to be spelled out in the Governor's budget and improves the legislative process for developing the budget by focusing on results and greater public transparency.
- **Performance review.** Requires the Legislature to oversee major expenditures and examine every program at least once every 10 years, looking for ways to improve efficiency and reduce waste.

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- **Reduce debt when revenues spike.** Creates a process for identifying and using occasional, nonrecurring spikes in revenue for one-time uses, such as paying down debt.
- **Pay-as-you-go.** Requires that major new or expanded programs and tax reductions proposed in the budget or legislation identify a specific funding source such as savings, cuts to other programs or tax increases.
- **Majority vote budget.** As part of these comprehensive fiscal reforms, lowers the vote requirement for adopting the state budget to a majority vote of the Legislature. All lawmakers would forfeit their pay and per diem when the budget is late. The measure also requires a two-thirds vote for any new fees that replace a tax, but does not change the majority vote requirement for other fees or the two-thirds vote requirement to raise taxes.

COMMUNITY FUNDING PROTECTION AND ACCOUNTABILITY ACT:

GOVERNMENT CLOSER TO THE PEOPLE

We need to protect locally levied taxes that pay for schools, police, fire and other basic services from being borrowed or redirected by state government.

Counties, cities and schools also need the tools to address community needs by working together. Our plan encourages communities to coordinate to solve problems without all the duplication, waste and red tape of Sacramento. It allows cities, counties and schools to work together to address community needs – and lets voters decide whether to support them by majority vote – while retaining protections established under Prop. 218.

- **Protecting Local Tax Dollars.** The proceeds of any tax, assessment or fee levied by a local agency (including a county, city, a school district, or any other local or regional governmental entity) belong exclusively to that entity. The state would be prohibited from borrowing, transferring or making any appropriation of those funds, including Prop. 42 transportation funds.
- **Encouraging Community Problem Solving.** Local governments would be allowed to develop and implement countywide action plans to ensure that officials are working together to address local priorities, eliminate waste and duplication, and identify how additional revenue would be used to reach community goals.
- **New resources for community services.** If a countywide action plan is adopted requiring additional revenue, county supervisors may ask voters to approve an increase in the sales and use tax of up to 1 cent. If approved by a majority of voters, an amount equal to the new revenue will be distributed among local governments.
- **Public accountability for results.** Local officials would have discretion about how to spend new dollars, but also be held accountable for reporting progress toward community goals, and be required to seek voter approval to continue carrying out the plan at least once every 10 years.

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Yes! Please list me as a public supporter of the **Best Practices Budget Accountability Act**

Signature (Required)

Date

Please select a category:

Elected Official Organization Company Individual

Please complete the following information:

Company or Organization Name (as you wish to be listed)

Name

Title

Mailing Address

City

State

Zip

County

Phone Number

Fax Number

E-mail Address

The signer of this form allows their organization's name to be used by the campaign in campaign related materials or communications.

Please fax this completed form to:

Fax #: (916) 441-2653

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Yes! Please list me as a public supporter of the **Community Funding Protection and Accountability Act**

Signature (Required)

Date

Please select a category:

Elected Official

Organization

Company

Individual

Please complete the following information:

Company or Organization Name (as you wish to be listed)

Name

Title

Mailing Address

City

State

Zip

County

Phone Number

Fax Number

E-mail Address

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QUESTIONS & ANSWERS

The California Forward Action Fund has submitted two initiatives for the November 2010 ballot. How would they work?

After years of partisan stalemate and lurching from one fiscal crisis to the next, the **Best Practices Budget Accountability Act** gives California the tools that successful businesses and other states use to balance their budgets – responsibly and on time. It allows budgets to be approved by majority vote, but also requires the Governor and Legislature to cut waste by improving oversight of programs and finding a way to pay for new programs before they start. It also forces members of the Legislature to forfeit their pay if the state budget is late.

The **Community Funding Protection and Accountability Act** allows our schools and local governments – who deliver basic services like education, police service and road repair – to keep their funding from being borrowed or diverted by Sacramento. It also encourages local governments to work together to set community priorities, and provides new resources for local officials who are willing to be accountable to voters and reduce waste.

California's budget seems to be in a constant state of crisis. How would this plan change things?

Our plan replaces the partisan bickering that's come to dominate Sacramento with nonpartisan, common-sense reform, such as requiring every major program to set clear goals, regularly reviewing programs to make them more efficient, using unexpected spikes in revenue to pay off debts, and forcing the Governor and legislators to identify a funding source for new programs or tax cuts right from the start. And as an added incentive, the plan calls for lawmakers to forfeit their salaries and expenses if the budget is late.

How does the reform plan change the number of votes required to pass a budget or increase taxes?

The plan – in combination with other fiscal reforms – allows a budget to be approved by a simple majority vote, the threshold used by most other states. The plan would keep the two-thirds majority requirement for any tax increase.

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How does the plan affect the number of votes required to impose new fees?
The plan would not allow new fees to be used to replace existing tax revenue to balance the budget without a two-thirds vote, but does not change the majority vote requirement for user fees or environmental mitigation.

How would the reform's pay-as-you-go plan work? Would it create a spending cap?

The plan doesn't cap spending, but it requires the Governor and lawmakers to decide how to pay for new programs or tax cuts at the time they're approved. Restoring past budget cuts, spending to keep up with population or inflation, one-time expenditures and low-cost programs would be exempt from pay-as-you-go requirements.

Does the plan change the vote requirement to approve local tax increases?

The reform plan leaves in place the two-thirds majority vote requirement for tax increases to fund specific services required by Prop. 218. It allows a majority vote for an additional one cent of local sales tax shared by counties, cities and school districts when local governments create a plan to improve services, streamline operations and eliminate waste. Such plans would have to be resubmitted to voters every 10 years.

How does the reform plan effect funding for education?

The plan fully protects Prop. 98, California's minimum funding guarantee for our schools. In addition, local schools would benefit when local governments collaborate on long-term plans to address community priorities.

How does the budget reform plan effect state employees?

The plan honors the collective bargaining rights of public employees. Negotiated labor agreements to provide cost-of-living, salary or benefit increases would not be affected.

What sources of local revenue would be protected under the plan?

The plan protects all locally levied taxes, such as property taxes (including redevelopment funds), utility taxes and hotel taxes. It also protects the local share of the sales tax on gasoline.

Would the plan give the Governor more authority to make mid-year cuts during a shortfall?

The reform plan gives both the Legislature and the Governor new tools to address a fiscal emergency. It allows lawmakers to make changes to the budget by majority vote. If the Legislature fails to pass legislation addressing a fiscal emergency, the plan gives the Governor limited authority to "blue pencil" appropriations included in the last budget.

A convention would bring several hundred volunteers together for a limited time to discuss many possible ways for changing California's Constitution – there's no telling what decisions they would make. The California Forward 2010 Reform Plan instead takes specific policies that are already working in other states and puts them to work in California, helping us balance our budget, improve services and reduce waste.

Who's behind the California Forward Action Fund, and how were these proposals developed?

The California Forward Action Fund seeks to implement reform proposals created by *California Forward*, a nonpartisan organization funded by foundations with no political ties or partisan agendas. The group's proposals were developed through exhaustive research of policies being used by other states and successful businesses, and refined by hundreds of discussions with Californians across the state.

California Forward was launched in 2008 in response to a request from the California Endowment, the Evelyn and Walter Haas Jr. Fund, the William and Flora Hewlett Foundation, the James Irvine Foundation, and the David and Lucile Packard Foundation. You can find out more about *California Forward* at caforward.org.

James P. Mayer

Executive Director

Jim Mayer is executive director of *California Forward* and is responsible for working with the Leadership Council to develop and guide strategic reform projects, manage the executive team, and develop and work with project teams focused on specific governance challenges. In 2007, Jim was part of the team that developed *California Forward* from a concept and strategic plan to full operation.

In 2006, Jim was the founding executive director of the New California Network, a nonpartisan project to improve the state's fiscal decision-making that also helped to develop *California Forward*.

Prior to joining NCN, Jim was the executive director of the Little Hoover Commission, an independent and bipartisan state panel that reviews state programs and policies for efficiency and effectiveness. As executive director, Jim managed the Commission's staff, oversaw the research and production of all Commission studies, and represented the Commission in a variety of public forums. Jim joined the Commission's staff in 1994 as a project manager and served as deputy executive director prior to being appointed executive director in January 1999. For more than a dozen years, Jim was a daily newspaper journalist. He was a senior writer with the Sacramento Bee for seven years, and was a staff writer for the Bakersfield Californian and the Press Tribune in Placer County. During his career as a journalist, he was recognized statewide for his coverage of education and public resource issues. Jim has an associate of arts degree from Diablo Valley College, a bachelor's degree in journalism from California Polytechnic State University, San Luis Obispo and a master's degree from the graduate program in public policy administration at California State University, Sacramento. He was a mid-career fellow at the schools of Communications and Natural Resources at the University of Michigan. Jim serves on the board of the Yolo County Flood Control and Water Conservation District and is an associate director of the Yolo County Resource Conservation District.

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