

August 13, 2009

Governor Arnold Schwarzenegger  
Senate President Pro Tempore Darrell Steinberg  
Senate Republican Leader Dennis Hollingsworth  
Assembly Speaker Karen Bass  
Assembly Republican Leader Sam Blakeslee

Governor and Legislative Leaders:

We write today as Californians deeply concerned about the future of our state.

Over the last 18 months, *California Forward* has engaged citizens from every corner of the state in a vibrant civic conversation about how to get California back on the right track. Simply put, we've come together as citizens to develop a plan that will make our government work again.

California remains a beacon of innovation, opportunity and diversity. But we all must recognize that our government hasn't kept pace, and the global economic crisis has pushed our outdated methods right to the breaking point.

Our goal – shared by thousands of active supporters – is fundamental change: government that's small enough to listen, big enough to tackle real problems, smart enough to spend our money wisely in good times and bad, and honest enough to be held accountable for results.

We've examined dozens of policy options, culling the very best practices from our own communities and from states across the country. We've found – as you have – that California lacks many of the tools other states are using to better manage themselves in these challenging times.

Some of our proposals are controversial. Some have been attempted before, defeated by powerful forces that view every idea through the prism of their own narrow interests.

We believe that now is the time for bold and decisive action to get California back on track. We submit to you our findings and recommendations about how to renew California's leadership:

- Our plan gives our state's budget and fiscal systems the overhaul they desperately need – so we finally get responsible budgets on time.
- It gives the people we elect the tools to do their jobs right – and holds them accountable for results.
- And our plan calls for fundamentally rethinking the relationship between state and local government, with a strong preference for government that's closer – and more responsive – to the people.

We've drafted Constitutional and statutory language to enact each portion of our proposals, which we summarize below:

### **Responsible Budgets on Time**

1. **Pay-As-You-Go.** Require that new programs identify a funding source for any new spending they require.
2. **Base Budgets on Results.** Require the Governor and lawmakers to set clear goals for programs, measure their results and effectiveness when making budget decisions, monitor performance to improve efficiency, and consider eliminating outdated and duplicative programs.
3. **Two-year Budget.** Require the Governor and Legislature to craft two-year budgets with midcourse correction authority, and provide long-term revenue forecasts and capital investment plans.
4. **One-Time Use of One-Time Revenues.** Reduce future budget shortfalls by prohibiting the use of unexpected spikes in revenues to increase spending on programs that continue year after year.
5. **Reduce the Budget Vote Requirement.** Reduce the likelihood of budget stalemates by changing the legislative vote requirement for state budget approval to a simple majority (to be adopted in conjunction with the plan's other fiscal reforms, and while retaining the two-thirds majority vote requirement for tax increases).
6. **Provide Certainty Regarding Passage of Fees.** Clarify the circumstances in which the Legislature and the Governor can impose fees without a two-thirds majority vote to those areas with a clear and justifiable nexus to the service provided.

### **Government that's Closer to the People**

1. **Protect Local Revenue.** Give communities more control over community-related services and prevent the state from siphoning off local revenue by giving local governments legal ownership of specific funds for community services.
2. **Remove Barriers to Local Government Coordination.** Encourage community-level governments to coordinate; consolidate districts when this makes sense; and, if there is agreement among the local governments that receive the property tax, to reallocate those taxes to match contemporary priorities and to improve efficiency and results.
3. **Foster and Fund Long-Term Regional Collaboration.** Allow cities, counties and school officials who craft long-term flexible plans to address community needs, to seek majority-vote approval to provide funds to pay for them, while retaining the vote thresholds established under Proposition 218.

## Constituent Access and Accountability

1. **Term Limit Reform.** Reducing the total time newly-elected state legislators are allowed to serve from 14 years to 12 years, regardless of whether the time is spent in the Assembly or Senate.
2. **Constituent Access and Accountability.** Requiring legislators to spend part of every year in their district, in consultation with constituents and local leaders.

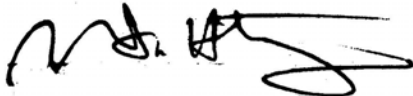
We are heartened that each of you has expressed interest in pursuing the kinds of reforms we believe are needed now, and we stand ready to work with you in pursuit of these goals.

We are eager to share with you the results of our efforts, the best thinking of many Californians, and the many options we explored in achieving consensus on this package. Our hope is that providing you with this framework will give you every opportunity to deliberate on these issues, and place before voters a comprehensive reform package in time for the next general election.

At the same time, we are mindful of the urgent need for action – as well as our own commitment to the many Californians who have joined our call for comprehensive reform now, whether it comes through legislative action or through the initiative process.

Thank you for your thoughtful consideration of these proposals.

Very truly yours,



Robert Hertzberg, Co-Chair  
*California Forward*



Thomas V. McKernan, Co-Chair  
*California Forward*

CC: All Senators and Assemblymembers