



THE CALIFORNIA FORWARD 2010 REFORM PRINCIPLES

California Forward has created a set of principles that put community interests before special interests, protect funding for local services, and provide a strong preference for government that's closer to the people. They are based on proven practices in business and in other states, and can work to balance the budget, reduce waste and deliver better results for people statewide.

A BUDGET THAT APPLIES LESSONS LEARNED

The state budget should 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. 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.
- **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. Also requires a two-thirds vote for any new fees that replace tax revenue, but does not change the majority vote requirement for other fees or the two-thirds vote requirement to raise taxes.

GOVERNMENT CLOSER TO THE PEOPLE

Californians should 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 need the tools to address community needs by working together. Communities should be able to coordinate to solve problems without the duplication, waste and red tape of Sacramento. Cities, counties and schools together should be able to address community needs – and let voters decide whether to support them by majority vote – while keeping protections established by 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.