

Cities Counties Schools (CCS) Partnership

Joint Principles for State Budget and Fiscal Reform

Preamble

California government is broken.

The failure to adopt a sustainable budget is only the most obvious manifestation of a dysfunctional state government. The state is not investing in the future, whether in needed infrastructure, economic development, or in education. New laws and regulations are piled on without balancing costs against any clear added value. Long-term implications of current actions are ignored. Urgent current problems go unaddressed. The inherent strength of community level governments is dissipated.

Some say that “politics has failed us.” Others focus on the failure of the structure of government and the institutional rules within which state government operates. Whatever the perspective, it is clear that there must be a new and better way of governing a large, complex and dynamic state.

The local governments of California are the key to the solution. The core principle of any successful reform is that each level of government and each agency of government must be given the authority and the resources to do what it does best. We can restore functional state and local governments only by aligning authority, responsibility, resources and accountability.

A more effective state government requires more effective cities, counties and school districts. The CCS Partnership offers a set of possible principles to guide reform efforts and a series of reform options that embody those principles. We invite a continuing conversation about whether these or other options are best.

We encourage a vigorous debate about how to rebuild California government. There can be no doubt, however, that substantial reform is necessary and that it must be done from the ground up--building a stronger foundation of community government.

Purpose

The CCS Partnership through its Joint Task Force on State Budget and Fiscal Reform has developed and adopted the following set of principles to guide the decisions, actions and focus of the partnering associations as they jointly and separately address the changes necessary to realign the state/local relationship and bring authority and responsibility closer to communities and local governance structures.

Principles

1. **Responsive and Accountable Local Governments.** Local governments should have broad authority, subject to voter approval for bonds and tax increases, to raise and expend a diverse and broad set of revenues necessary to provide critical local services. Concentrating these decisions at the local level will ensure greater transparency and accountability to the voters.
2. **State Preemption of Local Control.** Local control should be the rule and state preemption the exception.
3. **Enhanced Protection from State Mandates.** Local governments need additional protection from state mandates that attempt to micromanage local affairs.
4. **Personnel Policies and Pensions.** All local governments should have broad authority and flexibility in personnel matters.
5. **Focus on Outcomes in State Funding of Locally Delivered Services.** When local agencies administer state programs and mandates with state funds, they should be held accountable for the measureable outcomes and given extensive administrative flexibility over the means and methods chosen by local leaders to achieve those outcomes.
6. **Modernize State Budgeting.** The state budget process should be modernized to reflect the best practices in state financial management from across the country.
7. **Update the State and Local Revenue Systems.** The laws governing the major state and local tax revenues should be regularly updated and revised to reflect the transformation to a service-based economy and the tax equity concerns that have arisen over time.
8. **Governance and Responsiveness.** State government should periodically review and recommend improvements to the structure, functions and financing of state government operations in order to assure citizens that decisions are being made and services are being delivered in the most responsive and efficient manner possible.
9. **Organization of the State Legislature:** The legislature should be modernized in order to achieve greater effectiveness and responsiveness to the priorities of the people of the state, including changes in how legislators are elected, limits on the length of their terms, the duration of the legislative session, and the way in which the legislature operates.