

Reforms to Restore Public Trust in the State Budget Process

As California's fiscal crisis deepens, and the confidence of Californians in their government sinks even lower, *California Forward* has developed five reforms for a new budget system that could result in smarter fiscal decisions and greater public trust.

The reform proposals – published under the title “It’s about Trust: A State Budget Process that Restores Public Confidence” – is based on the best management practices from state and local governments around the nation and on conversations with thousands of Californians.

The proposed budget system has five elements that over time would enable leaders to better manage tax dollars, hold down costs and steadily improve the performance of schools, public safety programs, health and social services and essential public functions. California's leaders need to:

- 1. Look to the future.** A multiyear budgeting system would focus fiscal choices on long-term implications and discourage short-term solutions that push liabilities and difficult decisions into the future.
- 2. Focus on priorities and outcomes.** A results-based process for making budget decisions would enable leaders to assess whether to increase, continue, or alter policies and programs, rather than letting budgets grow on auto-pilot, regardless of whether services are, in fact, having a positive impact on the lives of Californians.
- 3. Create a culture of accountability.** The Legislature does not dedicate adequate time to reviewing whether programs are achieving their goals and what must change for them to improve. Budget decisions should be guided by what programs are trying to achieve and what must change to achieve those goals. A system of evaluating programs based on progress would strategically reduce spending while preserving programs that provide the greatest value.
- 4. Pay our own way.** Create a process so that any policy change that increases costs must also contain a provision that identifies where the money will come from, whether from new revenue or expenditure reductions elsewhere. Changing the state's spending obligations so that they do not grow faster than revenue would safeguard long-term fiscal planning so programs can be fully implemented and their costs accounted for in future budgets.
- 5. Create stability.** A new budget process would identify nonrecurring revenue and hold it for times when economic downturns reduce tax revenue. Since 1990, revenues have fluctuated wildly – from a decrease of 5 percent to an increase of 23 percent, which makes it difficult for state leaders to effectively manage resources.

In the coming weeks and months, *California Forward* will work with members of the Legislature as well as regional and community leaders to develop understanding and agreement on the details of this proposal. It also will encourage all Californians to become informed, offer ideas, and support practical fixes.

***California Forward* Background**

The overarching goal of *California Forward* is to improve the quality of life for all Californians by creating more responsive, representative and cost-effective government. *California Forward* pursues this goal through issue-specific projects focused on improving elements of California's political, fiscal and governmental systems.

For more information on *California Forward* and our budget reforms, visit caforward.org.