

THE CALIFORNIA FORWARD FISCAL REFORM PLAN

(ACA 4, AB 2591, SB 1020 AND SB 1426)

The state budget should set clear goals, design plans to achieve them, and take action when things go wrong. The California Forward Fiscal Reform Plan would apply best practices from successful businesses and other states to California's dysfunctional budget process, including:

- **Results and accountability: Budgeting for performance.** Require the Governor to incorporate performance measures into his or her budget and improve the legislative process for developing the budget with an increased focus on results and greater public transparency.
- **Performance review.** Require the Legislature to oversee major expenditures through a performance review process that includes a rigorous assessment of programs at least once every ten years and action by the legislature on recommended changes.
- **Multi-year budget planning and executive authority.** Require the Governor to submit a two-year spending plan along with a five year fiscal forecast and provide more frequent updates on the state's fiscal condition. Revise fiscal emergency provisions to allow the Governor to make spending reductions if no action is taken by the Legislature in a declared fiscal emergency.
- **Limit use of one-time revenue.** Create a process for identifying one-time spikes in revenue, and after minimum K-14 education funding obligations have been met, require these funds be used for one time purposes, such as paying down debt.
- **Pay-as-you-go for new programs and tax reductions.** Require that major new or expanded programs or tax reductions (created through the legislative or initiative process) identify a specific funding source such as off-setting reductions to existing programs, demonstrated efficiencies or tax increases.
- **Majority vote budget.** As part of these comprehensive fiscal reforms, lower the vote requirement for adopting the state budget to a majority vote of the Legislature. The vote requirement for budget implementation bills would not change. The two-thirds vote to raise taxes also would not change. The majority vote requirement for fees generally would not change. In the event a specific tax were repealed and replaced with a new fee, the new fee would subject to a two-thirds vote.

The California Forward fiscal reform plan was developed in response to conversations with thousands of Californians throughout the state, over many months. It would work to balance the budget, reduce waste and deliver better results for Californians statewide. The plan is presented in ACA 4, AB 2591, SB 1020 AND SB 1426.