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## **Economy & Efficiency Commission Presentation**

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**PRESENTATION OF  
Mr. Fred Silva, Former Exec. Dir.,  
CA Constitution Revision Commission  
Visiting Policy Analyst, Public Policy Institute of CA  
December 3, 1997**

**Topic: Struggling Toward Reform - Lessons from the California Constitution Revision Commission**

Chairman Abel welcomed Mr. Silva to the commission. Mr. Silva stated that he would give an update on the recommendations of the California Constitution Revision Commission (CCRC). The CCRC met for two years and made recommendations to the governor last year. The CCRC covered four issues of California state government:

1. Structure
2. State Government
3. Fiscal System
4. State - Local Relationship
5. System of Local Government

### STATE GOVERNMENT

#### Structure

The CCRC suggested that the state examine its system of divided government. California elects more state officials than any other state, aside from North Dakota who elects the same number, twelve. The CCRC suggested that, in instances of administrative policy, the Governor should make those decisions. In areas where checks and balance are of concern, elections should take place. The CCRC recommended 5 elected state officials rather than 12. This specific recommendation was not well received and no further action is expected.

The CCRC also recommended changes in the legislative structure, such as lengthening the number of terms of office a legislator could serve. There will be further debate on this issue next year.

The CCRC recommended revision of the initiative process including, involving the legislature in the initiative process again. The legislature use to be involved in this process with the indirect initiative. Recent polls indicate that voters are not supportive of this recommendation because they feel that it takes away from their voting power.

### FISCAL SYSTEM

The budget system has not been revised since 1922 and contains no balance budget requirement. In order to balance the budget in the past, the state has increased taxes, cut spending, and borrowed money. The CCRC feels that fiscal discipline is needed in the form of a balance budget requirement and a reserve requirement.

Senator Quentin Kopp from San Francisco has put budget revision amendments before the legislature before and there seems to be interest in pursuing budget reform through ballot initiatives.

#### State-Local Relationship

The state-local relationship is moving in a positive direction, partly due to financial resources currently available to the state. Trial court funding is a good example of the improvement in the state-local relationship.

#### System of Local Government

The CCRC suggested that the structure of local government change to include more power for local governments, and have a different system for enforcing collaboration between government entities. The CCRC felt the best way to approach this is a new constitutional home rule power. The current home rule government works for municipal governments, but not for counties. The CCRC suggested a charter be written for the governance of counties. This would allow for assigning regional, municipal, county-wide and neighborhood functions. The legislative committees were interested in the charter idea. Special interest groups were not in favor of this idea.

Although the charter idea did not do well in Sacramento, there are individual charter efforts taking place. In Santa Clara County, with 15 cities, they are in the process of writing a charter. The CCRC's charter idea will be dependant on local communities acting on their own charter efforts.

Mr. Silva stated that he and Bill Hauck, former Chair of the CCRC, are forming a new organizer call the Forum for Government Reform. The purpose of the forum is to increase public awareness of reform and to exchange information about local government reform.

Mr. Silva stated he wanted to briefly mention the Government Consensus Project (GCP). The GCP is working to provide additional fiscal power to local governments and to place in the constitution the relative share of property taxes.

Mr. Silva stated that Supervisor Yaroslavsky is interested in working with the Public Policy Institute, to create a research agenda for Los Angeles County.

In relation to the tension between the Valley and the City of Los Angeles, Mr. Silva stated that The Commission on local Government for the 21st Century was formed and assigned the power to look at the organization and reorganization statutes passed in the 1970's. If this commission acts broadly, it could have a significant impact on the power of local government.

Chairman Abel asked if there was support in Sacramento for CAO David Janssen's idea regarding removal of situs from sales tax. Mr. Silva replied no. The CCRC felt that the local sales tax should be a constitutional protected local tax and collected countywide to be allocated in the county. This idea was not favorably received, especially by cities.

Commissioner Seidner asked what was the rule for the CCRC's adoption of recommendations. Mr. Silva replied that it was the majority of a quorum and the members' votes are listed in the CCRC's final report. Of the 35 recommendations in the report, almost 3/4 were unanimous.

Chairman Abel thanked Mr. Silva for his presentation.

On a related matter, Chairman Abel asked EEC visitor Prof. Steve Erie to share with the Commission what he has been working on. Prof. Erie stated that he has been working on a study through Claremont Graduate School, funded by Haynes, that examines the impacts of a set of state actions. Some of these actions have been by initiative, some legislative, some judicial. His study has examined the local fiscal impacts on revenue, expenditures, and debt in the County of Los Angeles, the City of Los Angles, Covina, Torrance, and Rancho Palos Verdes.

In the County of Los Angeles' budget, since 1978 there has been a \$1 billion shortage due to state actions.

Non-mandated services such as: parks and recreation, libraries, tree trimming, street repair, etc. are the first to be cut when funds are tight.

In a month, a white paper will be available to the EEC on revenue, service, and debt impacts. One of the major problems this study has identified is that local governments are mortgaging the future to balance the books today. This system is fine during economic recovery but will be detrimental during the next economic down turn.

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