



PPIC

PUBLIC POLICY  
INSTITUTE OF CALIFORNIA

# Today's Choices, Tomorrow's Changes



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## Choice for Change

"Change" has become a watchword in the 2008 November election, as candidates use it variously to define and validate their agendas or question the agendas of others. Beyond all the rhetoric, California does need major policy changes to face growing and, in some cases, unprecedented challenges. What are incumbents and candidates for California offices offering? Short-term, quick-fix changes for the sake of change? Or well-considered, well-informed changes that address challenges over the long term? The purpose here is to give you, the California voter, the kind of information you need to understand, evaluate, and choose among the options for change that candidates claim are essential for the state's future.

# Education

More than half (53%) of Californians say that the **quality of education in K-12 public schools is a big problem.**

Source: PPIC, Statewide Survey (April 2008).

For the sake of its economic future, California must change some trends in education. The future economy will require even more high-skilled workers than it does now. Yet California continues to have high rates of high school dropouts, too few graduates prepared for college, and low levels of college graduation. There are no quick, easy fixes. Reversing the trends will require reforms and investments from early childhood education through college.

Low-income, African American, and Latino students experience gaps in achievement starting early in school, and these groups of students are also less likely to participate in high-quality preschool education programs. Getting them into such programs could improve their academic performance, college attendance, and even economic prospects later in life.

The Governor's Committee on Education Excellence reported that **only 7 of every 10 students graduate from high school in four years** and **only 1 in 4 is college-ready.**

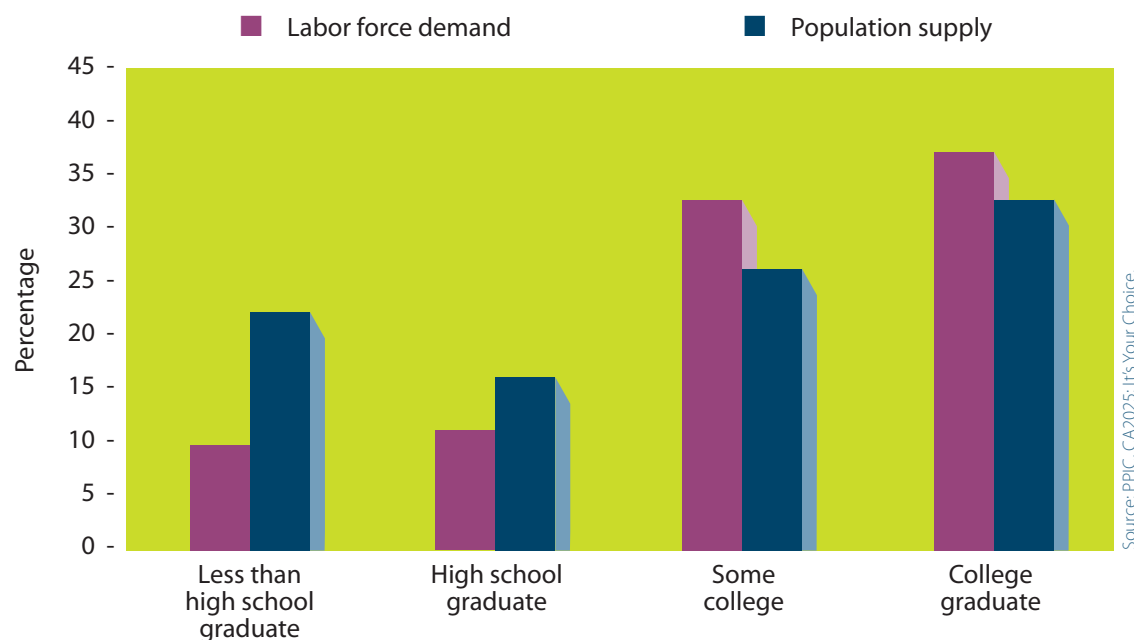
Source: The Governor's Committee on Education Excellence (2007).



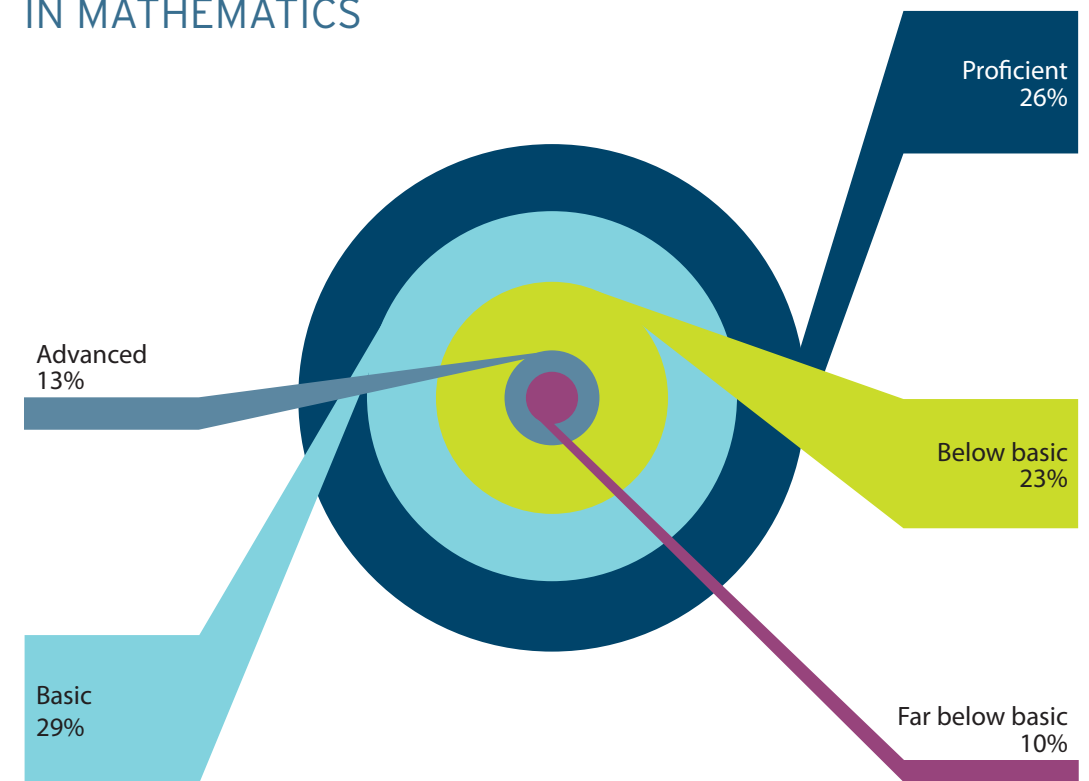
Despite a number of reforms in the California K–12 system, a large percentage of students continue to perform below proficiency and a majority of Californians think that school quality is a big problem. Current reform efforts aim to give local schools more flexibility—and to hold them accountable if they do not meet performance standards. But do schools have sufficient resources to meet performance goals? Schools that serve large numbers of poor students and English language learners, in particular, may need additional resources to meet standards. The complexity of the current school finance system makes it hard to understand why some districts receive more funding than others. Reformers should try to make the system more transparent, with additional funding justified by greater resource needs.

The visionary Master Plan for Higher Education of 1960 set California on a path of substantial investment in public higher education. The state continues to spend more per capita on higher education, relative to the average in the rest of the nation, and has higher enrollment rates, particularly in community colleges. However, the state lags the rest of the nation in degrees conferred per enrolled student. As we reach the 50th anniversary of the Master Plan, it is time to renew and revise the plan to create a higher education system that takes into account the needs and realities of the 21st century.

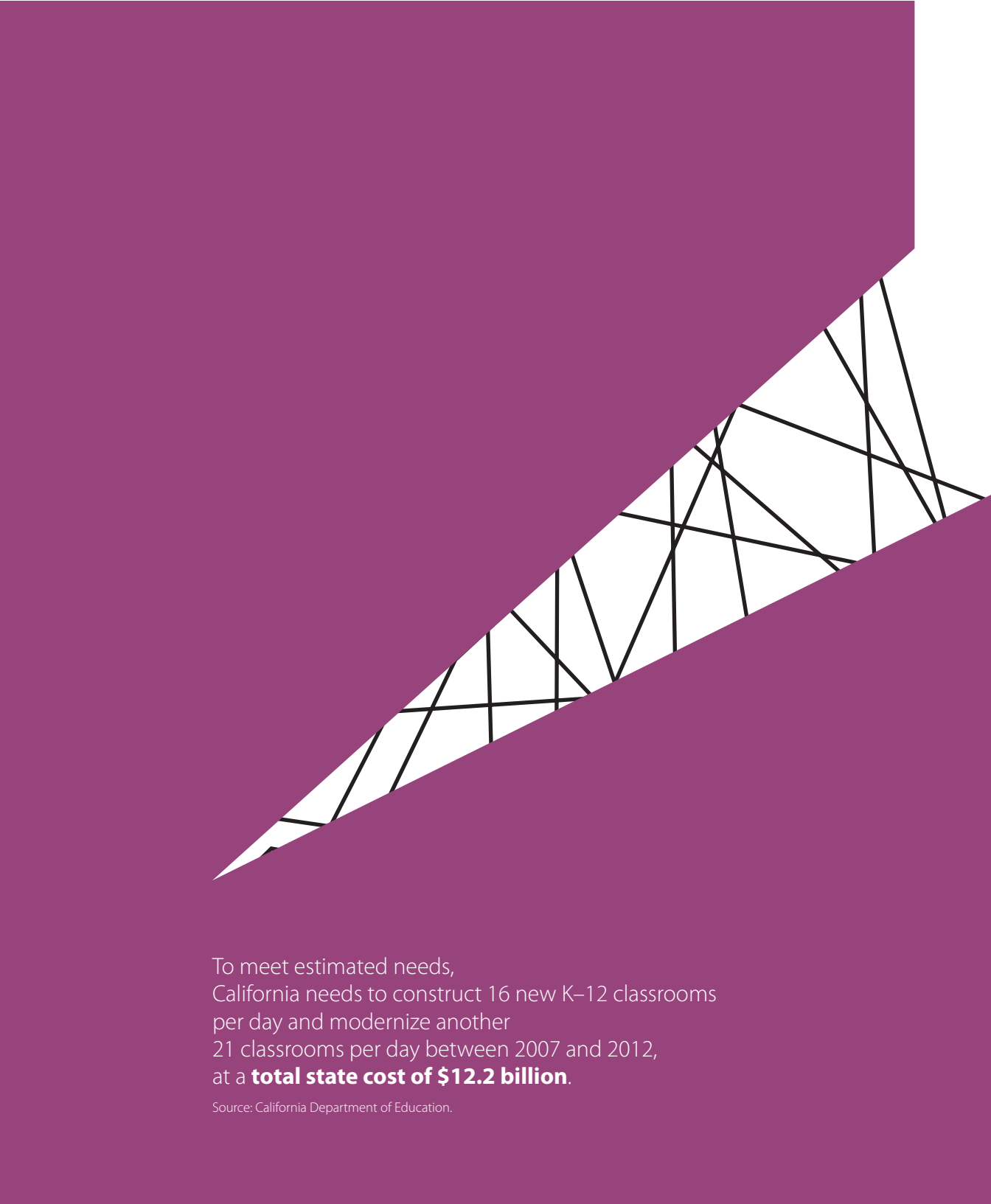
### PROJECTED WORKFORCE SKILLS GAP IN 2020



### MORE THAN HALF OF 7<sup>TH</sup> GRADERS DO NOT ACHIEVE "PROFICIENT" SCORES IN MATHEMATICS



Source: California Department of Education (2007).



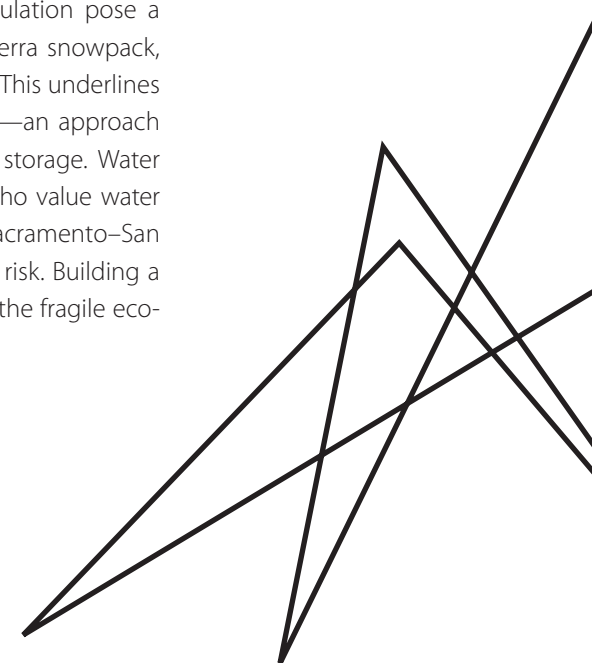
To meet estimated needs, California needs to construct 16 new K–12 classrooms per day and modernize another 21 classrooms per day between 2007 and 2012, at a **total state cost of \$12.2 billion.**

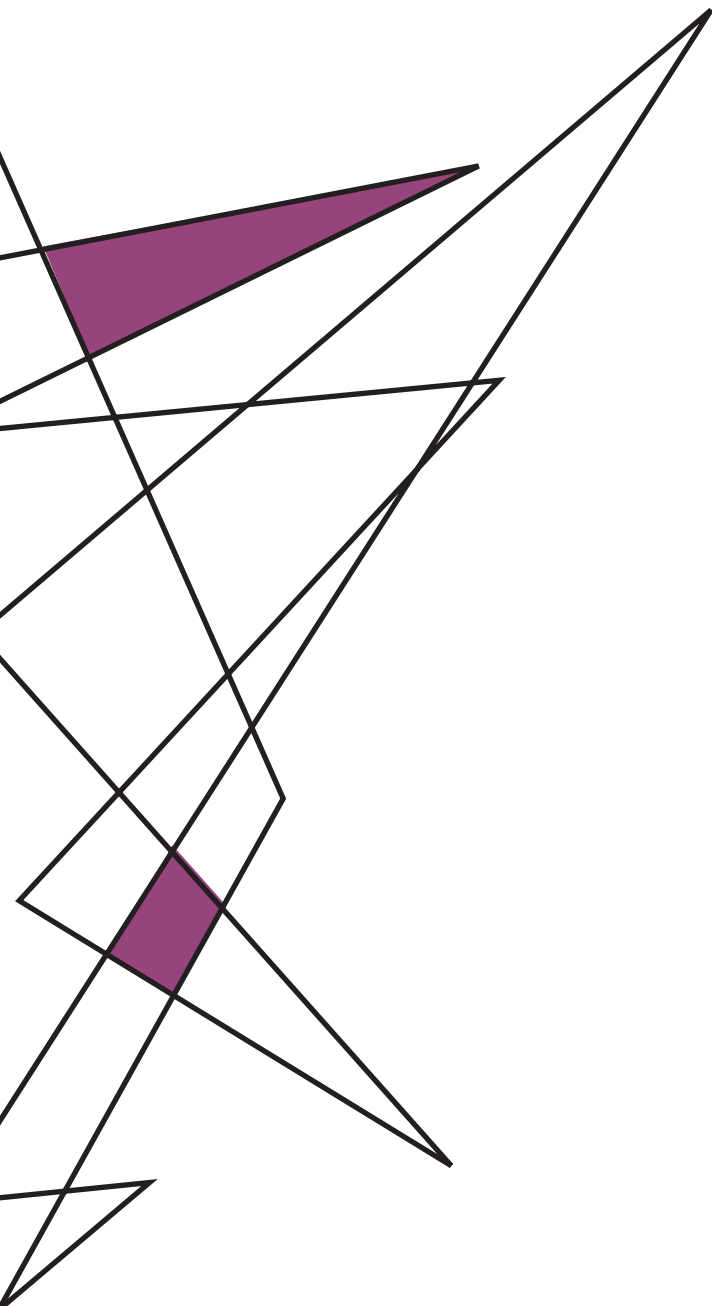
Source: California Department of Education.

## Infrastructure

Nowhere are choices for change more critical than for infrastructure. How can we prepare for large population growth when our water, transportation, and education facilities are not equal even to present needs? The fiscal reality is that we cannot meet these needs just by building more. We must also use the infrastructure we have more efficiently.

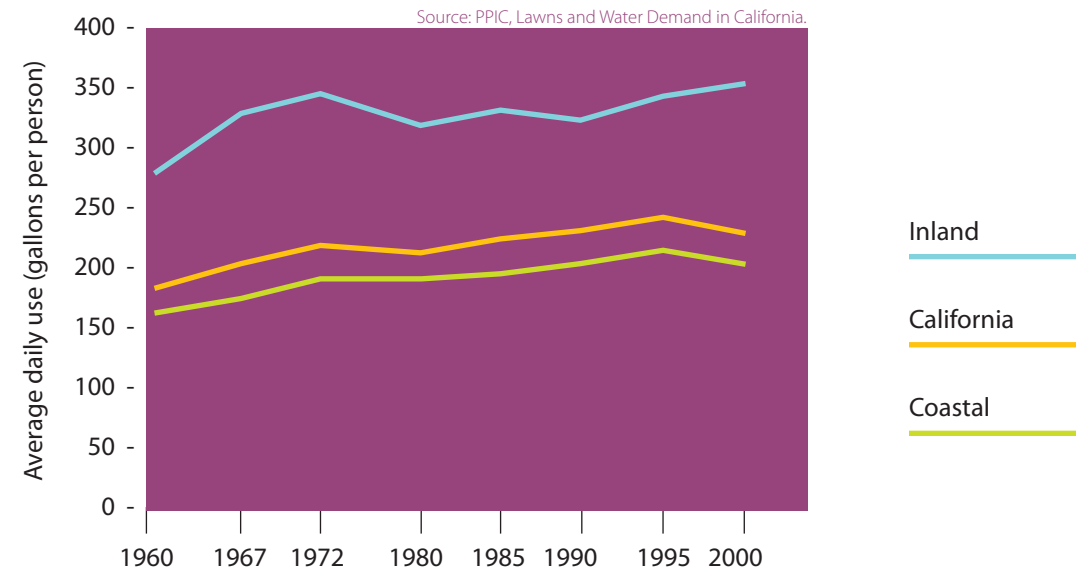
This drought year is putting pressure on Californians to conserve water now, but the water requirements of our growing population pose a long-term challenge. Climate change is reducing the Sierra snowpack, historically a major water source during summer and fall. This underlines the need for a multipronged approach to water supply—an approach including conservation and water recycling as well as storage. Water markets are a key part of the solution, allowing those who value water most to purchase from others. The fragile levees of the Sacramento–San Joaquin Delta put water supply for much of the state at risk. Building a peripheral canal in the Delta is the best strategy to help the fragile ecosystem and ensure reliable water supply.





California's major metropolitan areas are among the most congested in the nation. Simply expanding the road network to "beat" congestion is too costly. It would also work against the state's goals to improve air quality and reduce greenhouse gas emissions. We need targeted investments to remove bottlenecks and, perhaps, create some lanes dedicated to goods movement. Beyond that, we must find ways to better manage demand for road use through carpooling, toll lanes, and public transit. Funding transportation is a major stumbling block—resources from the gas tax are diminishing, and such sources as county sales taxes are not sufficient. Expanding toll lanes may be the best way to fund increased capacity in congestion hot spots.

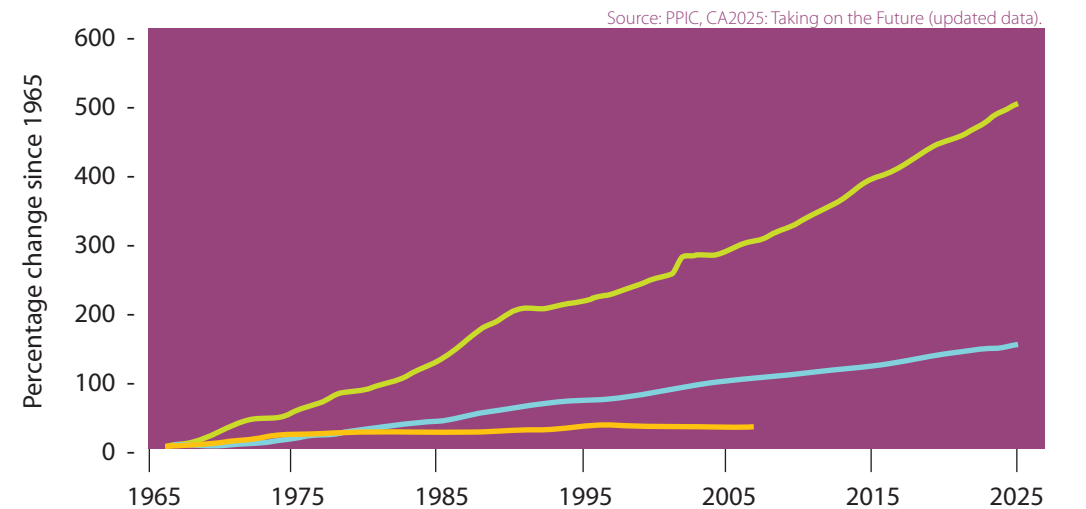
In recent years, state and local bonds have provided substantial resources for education facilities. Still, many elementary, middle, and high schools are overcrowded, suffer from deferred maintenance, and need to upgrade technology. For K–12 grades, the funding required for high-quality school facilities is likely to exceed what we currently have. We may have enough money to meet facility needs for the expected enrollment in higher education over the next decade. However, that enrollment, and the facilities to support it, must both rise—or California will not be able to meet the skill demands of the future economy. Private/public partnerships could provide funding for more school facilities. Year-round schools and longer school days could increase the functional capacity of existing schools. As challenging as school facilities issues may be, the bigger challenge is providing sufficient resources for schools' day-to-day expenses.



### URBAN WATER USE PER CAPITA IS HIGHER TODAY THAN IN 1960



### HIGHWAY CAPACITY HAS LAGGED BEHIND USE AND POPULATION GROWTH





For **23 percent** of Californians, **air pollution** is the most important environmental problem facing the state; for **10 percent**, it is **global warming**.

Source: PPIC, Statewide Survey (July 2008).

Politicians and policymakers can sometimes seem to lose sight of a fundamental truth—nothing is more essential to our quality of life and, ultimately, survival than our climate and ambient air. Whatever our responses to other policy challenges, if we do not make considered choices and changes here, the rest may be moot.

Reducing global greenhouse gas emissions is critical for the state's future environment and resources, because these emissions will likely cause sea levels to rise and heat waves, wildfires, and floods to increase. The California Global Warming Solutions Act, the most aggressive climate change policy in the nation, requires that the state reduce greenhouse gas emissions to 1990 levels by 2020.

Besides curbing emissions related to climate change, we also need to improve the quality of the air we breathe. Most of the state's population live in areas that do not meet at least

**93 percent** of the state's population live in areas that **do not meet** at least one of the federal **air quality standards**.

Source: EPA Green Book (2007 data).

one of the federal air quality standards. The San Joaquin Valley and the South Coast Air Basin are home to the worst ozone air pollution in the nation. And poor air quality is raising rates of asthma and other respiratory problems.

To meet global warming and air quality goals, Californians must address the number one source of greenhouse gas and smog emissions: transportation. Cleaner vehicles that meet new emissions standards are one part of the solution. So is reducing vehicle use through carpool, public transit, and other means. But California must also look beyond transportation: Nearly one-fourth of greenhouse gas emissions results from using fossil

fuels to generate electricity. The state's Energy Action Plan calls for improving energy efficiency and increasing the share of electricity generated by renewable sources—wind, solar, geothermal, biomass, and small hydroelectric facilities—from 11 percent today to 33 percent by 2020.

Admirable and potentially effective as the goals of these acts and plans may be, however, meeting them will require new legislation, extending existing regulatory programs and creating new ones, and developing new incentive and market-based programs with an eye toward promoting major technological advances.

## TRANSPORTATION IS THE LARGEST SOURCE OF GREENHOUSE GAS EMISSIONS



Source: California Air Resources Board (2004 data).

# Environment

# Budget

Including current borrowing plans, **Californians will carry the largest state debt burden in the nation.**

California's debt of \$4,679 per person would greatly exceed that of New York, the second-highest state, at \$2,600 per person.

Source: PPIC, California's Public Debt (2008 data).

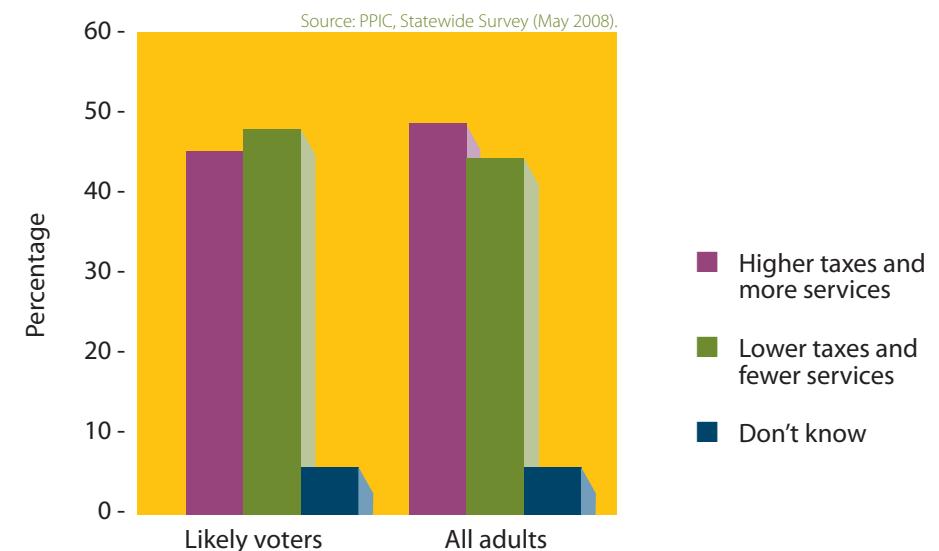
Creative as California may be about reforms and the effective use of present facilities, most of the changes needed to address the state's education, infrastructure, and environmental challenges will require greater investments. But the state budget is already on the critical list—so critical that the governor's May budget called for addressing a \$15 billion shortfall primarily with such one-time fixes as leasing the state lottery.

Unfortunately, one-time fixes will not address the long-term gap between spending and revenue. Long-term projections suggest that the state will continue to have a "structural deficit" with spending far exceeding revenues. California also has a volatile revenue system because of its reliance on progressive income taxes, resulting in revenue that is highly vulnerable to economic downturns. In light of these and other budget uncertainties, the state can expect future years with budget gaps in the tens of billions of dollars.

California is one of only a few states that has explicitly used borrowing to cover budget gaps. If current borrowing plans are enacted, California will have the largest state debt burden in the nation. The state's persistent budget deficits, high debt level, and unstable revenue sources all contribute to low bond ratings that drive up borrowing costs. Repaying this debt along with higher borrowing costs puts additional pressure on future budget gaps.

What can be done? We need to move past borrowing and one-time fixes to seek ongoing, long-term solutions to the state's budget problems. Fiscal responsibility requires getting future spending in line with future revenues and making tough choices about limiting spending as well as seeking additional revenue sources. Reducing expenditures could be achieved through limiting cost-of-living adjustments on current programs, rolling back recent expansions, and reducing benefit levels. Additional revenue sources might include increased use of user fees, limiting tax credits, broadening sales tax coverage, and raising tax rates.

## LIKELY VOTERS ARE ALMOST EVENLY SPLIT ON TAX AND EXPENDITURE PREFERENCES





# Governance

Voter turnout for the **2008 presidential primary** represented 40 percent of eligible adults and 58 percent of registered voters—**the highest turnout for a presidential primary since 1980.**

Source: PPIC, The State of California Voters (2008).

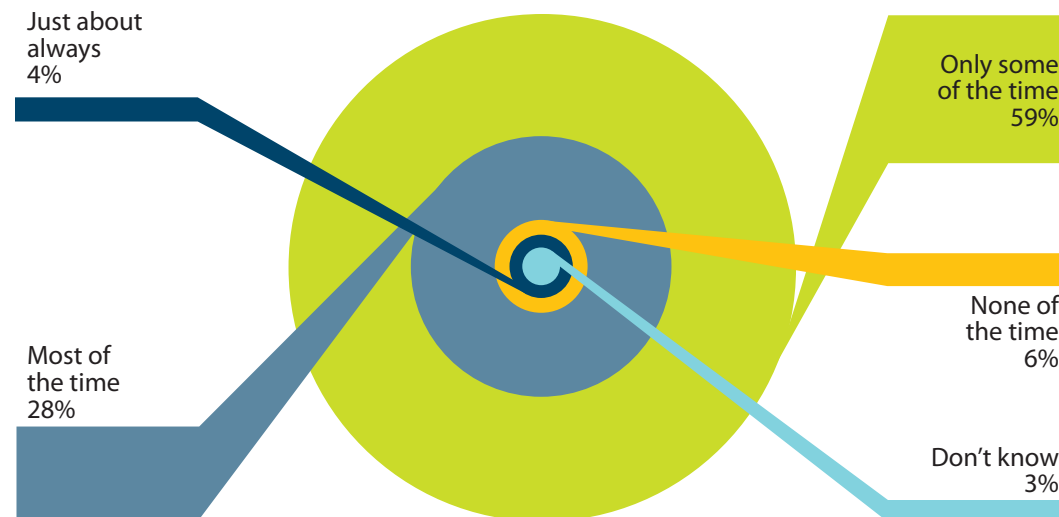
Can California make the choices and changes required for better education, adequate infrastructure, a sustainable environment, and a fiscally viable budget? In the end, it all depends on effective leadership from government—and the decisions voters make at the ballot box. Unfortunately, at this juncture, trust in state government is nearly as low

as it was in 2003, when Governor Davis was recalled. And voters are not representative of California's diverse population.

How can we build consensus in government about important political issues and restore public trust? No single reform is likely to provide a quick fix, but several reforms have the potential to make improvements. Voters have consistently rejected efforts to relax legislative term limits—even though such a change might improve legislative experience and strengthen the incentives to focus on long-term issues facing California's future. Campaign finance reforms could help to reduce the influence of special interest groups, who drive much of public debate. Opening the primaries to opposing party voters might encourage bipartisanship by forcing candidates to respond to a broader range of voices.

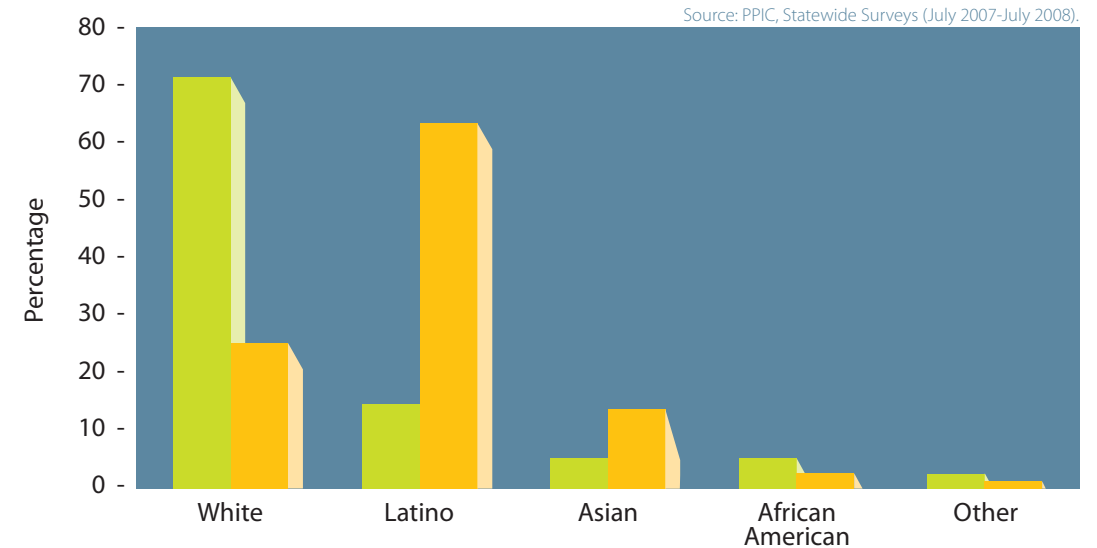
Local governments make many of the decisions fundamental to the state's future growth, including housing, economic development, transportation, and the environment. In these areas, however, local governments are sometimes in competition, and decisions

## A MINORITY OF CALIFORNIA ADULTS SAY THAT THEY TRUST STATE GOVERNMENT TO DO WHAT IS RIGHT JUST ABOUT ALWAYS OR MOST OF THE TIME



Source: PPIC, Statewide Survey (March 2008).

## CALIFORNIA'S VOTERS DO NOT REFLECT THE STATE'S RACIAL DIVERSITY



Source: PPIC, Statewide Surveys (July 2007-July 2008).

- Likely voters
- Not registered to vote

made in one community can affect the quality of life in surrounding communities. State leadership needs to provide local governments with incentives to coordinate through regional planning and investments.

California voters must push their state and local elected officials and candidates to set priorities and make commitments toward a better future for the state. But, ultimately, California's future investments and other major initiatives will be decided at the ballot box. At present, these decisions are being made by a group of voters who may not have the same priorities and preferences as the state's increasingly diverse population. Compared to the state's residents overall, voters are more likely to be older, white, college-educated, higher-income, and homeowners. To understand and meet the needs of all Californians, it is essential that more residents become involved in the political process, from local assemblies and associations to—most critically—voting.

## **The Change Starts Here**

California has put direct democracy to the test more than most states. Consequently, its voters must take more responsibility for the state of their state. Responsibility for much of the change—or lack of change—in education, infrastructure, environment, budget, and governance over the last several decades—and the consequences—lies squarely at our own doors. If we think we could have done better, the upcoming election offers us, regular and new voters alike, another chance to make more informed, more effective choices for our future.

# Learn More at [www.ca2025.org](http://www.ca2025.org)

PPIC's extensive research on California's future can be found on our website at [www.ca2025.org](http://www.ca2025.org).

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