

8-10-09

Attn: Mark Ibele, Ph.D.  
Staff Director  
Commission on the 21<sup>st</sup> Century Economy

Dear Dr. Ibele:

I was excited to learn of your Committee in the LA Times piece “State Seeks An Even Keel On Taxes.”

Following are my solutions California’s chronic budget challenges. I wrote this immediately after the May special election.

As you can see, I am suggesting much more than tinkering with the tax system.

Please note that I am simply a *fiscal* conservative. I have no other agenda. Also, the ideas below have been reviewed by over 100 California residents. There was minimal disagreement.

Thank you and the entire Committee for your work to save California.

Chuck Carroll

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## Solutions for California’s Budget Failure

On May 19<sup>th</sup>, California voters issued their mandate to control public spending. We want no new taxes and a balanced budget. Here are some ideas to help Sacramento get the job done.

1. Mirror other state budgets. Texas, for example, spends MUCH less per citizen than we do. Lower our spending to match Texas.
2. Immediately cease all Federally mandated programs that are not funded by Washington. When the Feds complain, fight this in court.
3. Demand Federal reimbursement for services to illegal alien residents. I believe the net cost to California is more than \$6 Billion annually. This is for criminal justice, education, healthcare and other services for people who are here in violation of Federal law. Carefully audit this demand as it may be much higher.

California bears this burden due to Federal dereliction of its duty to control our international borders. If the Federal government is not forthcoming on this demand, it must be sued. The reimbursement amount needs to be paid EVERY YEAR until this problem is resolved. And we should be paid for past years, also.

Note that California may have as many illegal alien residents as the other 49 states combined. We are being unfairly burdened with this problem.

4. Roll back state employee headcount to the level before Gov. Schwarzenegger took office. During his tenure the State payroll grew by thousands while total legal residents declined.

5. Adjust compensation for those remaining state employees to match other states, such as Texas. Many are highly overpaid. For example, it recently was revealed that EMTs in Moraga, California were making over \$200,000 a year!

6. Reduce teacher employment by increasing classroom size. Couple this with enforced codes of student conduct to make these larger classes easier to manage.

7. Cease programs such as global warming abatement and state attempts at healthcare reform. These need to be argued at the Federal level. Involvement at the State level is a luxury and a waste of scarce resources.

8. Mothball the high-speed train. All future work on this project is to be paid for with private funds.

9. Lease offshore petroleum extraction. This will bring in an extra Billion or so every year.

A number of other structural changes are necessary to repair California.

10. Institute a massive marketing effort to bring back business to California. Streamline permitting and regulation. Eliminate as many fees as possible. Eliminate ALL fees that are simply taxes. Eliminate corporate income tax. We must become the absolutely easiest State in the Union in which to do business.

11. Adopt a maximum annual public expenditure per each legal resident. This amount is to be no more than the *average amount* of the other 49 states. Sacramento can levy income taxes only up to this amount.

12. Change the California Constitution so *all* programs are sunsetted after five years. Nothing can be allowed to go on forever.

13. Outlaw State raids on County and local tax revenues.

14. Modify the California initiative process so that each new referendum or proposition is funded by cutting a previously implemented program. Zero new taxes would be allowed. Issuing bonds to fund programs would no longer be allowed.

15. Much of our problem is caused by career politicians indirectly paying off supporters with public funds through pet programs. Stop this with strict term limits.

16. Since the legislature will then have many more new members, institute mandatory financial training before these newly elected officials are allowed to take their seats in Sacramento. This financial training would include balancing a budget, how the economy works and an in-depth knowledge of all of the above principles. Returning legislators would be required to pass this course, also.

17. Prop 1F—which curtails legislator pay raises when the budget is not balanced--needs to go a step further. The primary job of the California legislature is construct the budget. If a balanced budget is not submitted on time for the Governor's approval, all legislators would be permanently dismissed with no further pay. The budget would then be constructed and implemented solely by the Governor.

State employees and elected officials at all levels may chaff at these solutions. Nevertheless, they are necessary to move us back to the true meaning of "public service".

Chuck Carroll  
May 21, 2009