

Investing in California: Our State, Our Future.

Planning for
transportation,
public facilities &
natural resources.



NEXT  TEN

The foundation of the California dream.

Every minute of every day, people in our state are drinking water and traveling on roads. Millions are getting to work on public transportation and sending children to public schools. These are examples of “infrastructure” – the foundation for our vast and bustling state.

When it’s serving us well, we may not even notice this foundation that supports how we live and work. But when it falls short, we’re all involved. There are many proposals now about infrastructure that require public choices. The decisions we make together will affect California’s economy and quality of life for years to come.

What is infrastructure?

There are four major types of “infrastructure” used by California’s 37 million residents:

- 1 **Transportation** – roads, bridges, transit, airports, shipping ports, rail
- 2 **Education Facilities** – buildings for K-12 schools, colleges and universities
- 3 **Water & Natural Resources** – water, air quality, electricity, parks and beaches
- 4 **Public Buildings** – fire and police stations, libraries, public hospitals, government buildings, courts, prisons, public housing

Many investments focus on government-owned infrastructure and need voter approval. This is because infrastructure investments are usually one-time *capital expenses*, like passing a local bond to build or upgrade a school. These funds are in addition to regular state, county or city budgets, which cover *operating and maintenance expenses*, such as paying for teachers, staff and utilities to run the school. The California public plays a large role in deciding how much is spent on different kinds of infrastructure.



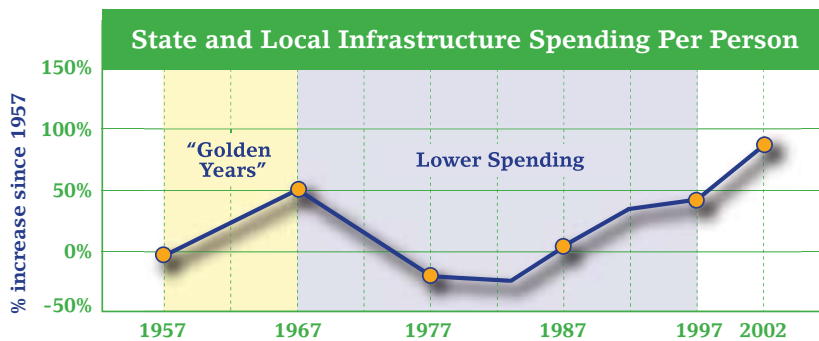
Next Ten is an independent nonpartisan organization that educates, engages and empowers Californians so that, together, we can improve our future economy and quality of life.



Spending on infrastructure

Currently, the average Californian contributes about \$950 per year for state and local infrastructure through taxes and fees (how much you pay depends on where you live and your family income). We invest in infrastructure for three main reasons:

- **Repair and maintenance** – like fixing potholes and repairing levees
- **To keep up with population growth** – estimated at more than 500,000 per year
- **Better technology and higher standards** – such as new technology and telecommunications in classrooms and communities, improved standards for water and air quality and earthquake retrofits



Some people refer to the 1960's as the "golden years" when California made big investments in its water system, highways and schools. In the 1970's and 1980's, spending per person was much lower. Recently, spending on infrastructure has been rising, but not enough yet to make up for past underinvestment.

Some people point to long commutes, overcrowded schools and prisons, beach closures or poor air quality as examples that we need to make up for past years of lower spending. Others disagree and feel that increased spending may be wasted by the government.

What future would you like for California?

How do you feel about the roads, schools and infrastructure in your community?



Paying for infrastructure

Funds to invest in California’s infrastructure come from many different sources: state and local taxes, bonds, user fees, the federal government and companies like utilities. For any infrastructure investment, we need to decide:

- **How much do we need?** How do we meet the needs of our communities and also make sure that we are using resources as wisely and efficiently as possible?
- **Who pays?** Do we want the general public to pay for it (like schools) or is it something that only users should pay for based on how much they use (like water bills or gas taxes)?
- **Do we pay now or later?** A government can choose to spend on infrastructure just what it raises in a given year. Or, like a family getting a home loan, governments can borrow by selling bonds and then pay them back with interest over time.

Growing Smarter



Today, 37 million people in California use the same amount of water as when the state had only 27 million people. These dramatic gains in water efficiency have come from changes in agriculture like more drip irrigation, new ways of manufacturing and more households using low-flush toilets and low-flow shower heads.

About bonds

State and local governments ask voters to approve bonds to borrow money for things that will last a long time, like schools and bridges. These investments are intended to improve our economy or quality of life. The government sells the bonds to get money now and pays them back with interest, over a number of years.

- **State bonds** are paid back from the state’s General Fund. To pay back \$10 billion in bonds over 30 years, for example, currently costs about \$650 million per year totaling \$20 billion after all payments are made. Bonds reduce what the state can spend on other budget items like education and health care.
- **Local bonds** are paid back with taxes on local property. Homeowners are told how much extra the bond will cost. Renters may also pay through rent increases.

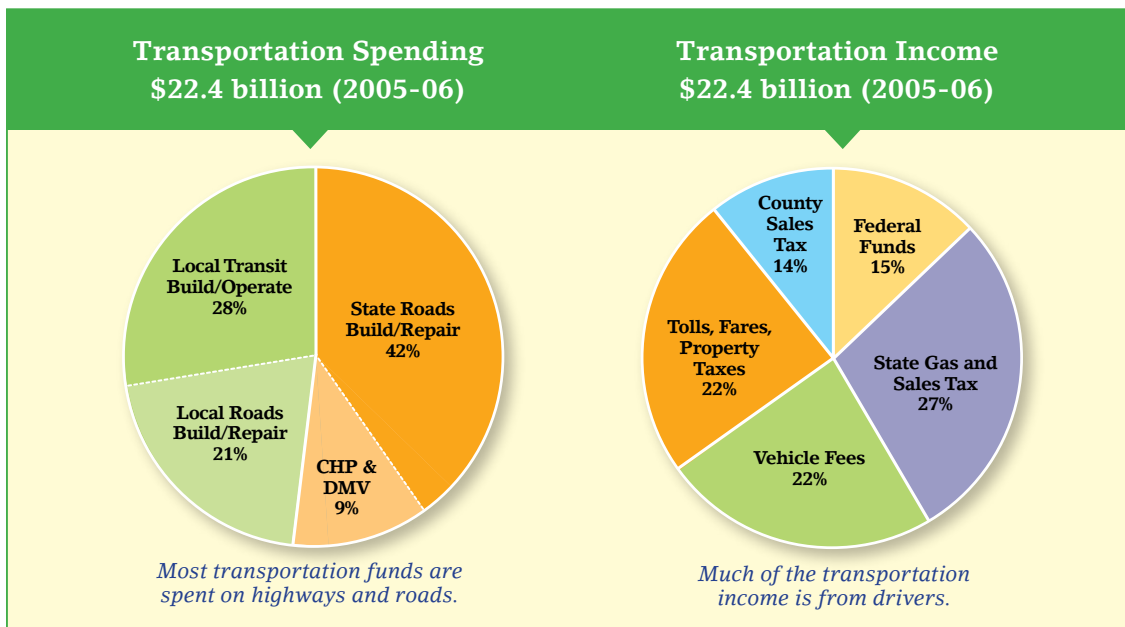
For each bond, we can ask: Is this a good investment? Is it something that will last and provide value for this and the next generation? Are there other ways to pay instead?



FOCUS ON **Transportation**

California has 50,000 miles of highway lanes, serving 23 million drivers. The state has several major ports and over 250 public airports. Together, these help support a \$1.5 trillion state economy. Yet many California cities also suffer severe traffic congestion, poor air quality, and crowded ports and airports.

California spent \$22.4 billion in transportation investments in 2005-06:



Most Californians say that improving transportation is a priority. Consider these options:

- Californians can choose to use more public transit (only about 5% commute to work that way) or use more carpools.
- Bonds and/or taxes for transportation projects will be on your next ballot.
- State government could raise taxes or fees dedicated to transportation.
- We can provide incentives for new ways of designing communities with better access to jobs and services so that people drive less.

How many new roads should we build to support current and future drivers? It now costs three times as much to build a mile of highway than 30 years ago, even after adjusting for inflation, because the price of land and building materials has grown faster than other costs. What other types of transportation besides roads should get investment priority to help our economy keep growing?



FOCUS ON

Education Facilities

California has 9,000 publicly funded K-12 schools serving over 6 million students. For students in higher education, there are 110 community colleges and 33 university campuses. New facilities and upgrades are mostly funded by:

- **Local school bonds** — the average family pays about \$200 per year toward local school bonds in their property taxes or rent.
- **State school bonds** — the average family pays about \$250 per year for state school bonds through state income and sales taxes.

Local school and community college bonds can now pass with 55% voter approval instead of a two-thirds vote in the past. Since the change, over 80% of local school bonds have passed and there is a lot of new school construction.

More than 75% of California's K-12 public schools are over 25 years old. As we upgrade and expand schools, we can look for ways to share facilities.

Sharing Community Resources



Los Angeles Unified School District and health providers worked together to place a health clinic at Sun Valley Middle School. Instead of one school nurse for 3,000 students, all families in the community now have a full clinic. The clinic saved on real estate costs and receives federal funds that the county otherwise wouldn't have gotten.

FOCUS ON

Water and Natural Resources

California has many natural resources. As we manage and maintain our water, forests, beaches, parks and energy sources, we can think about opportunities to improve the environment while also keeping pace with population.

Californians can visit over 1,000 parks and over 1,340 miles of coastline. State bonds are usually used for state parks, land conservation and beach cleanup. Local parks and recreation facilities are funded by various sources including local bonds. Regulatory fees paid by businesses are a major source of funding for environmental protection.

Every day California uses 40 billion gallons of water. The average family spends \$350 a year on local water projects through their water bills or in their rent. Big state flood control projects like the levee system are funded by state bonds and federal money.



FOCUS ON

Public Buildings

California state and local governments manage thousands of buildings for public safety and public services, such as fire stations, libraries, hospitals, public housing and prisons. Most new public buildings and upgrades are funded by bonds. Bonds are often proposed to address concerns like overcrowding and earthquake safety, or to provide more access to public services.

Green Buildings reduce the impact on the environment and save money by how they are built and operated. The first green library in the country, the West Valley Branch Library in San Jose, was built using 50% less irrigation water and 30% less energy than standard buildings. More than 25% of its materials are recycled and 20% were made locally. This popular library saves money by using fewer natural resources.



What you can do:

Getting informed about the issues and talking with others is a great first step for a better California. And, there are more ways to get involved:

- Look for infrastructure issues on your ballot when you vote in the next election.
- Ask your elected officials about what they plan for infrastructure and let them know your priorities.
- Think about ways you and your family can use resources more efficiently. You could start a recycling program, carpool, host a clean-up day or help your local school and workplace reduce their energy usage.
- Find others who share your concerns and make a plan to work together. Small groups can make big changes.

For more information and links to other sources, visit www.NextTen.org.

For this generation and the next, we are deciding our future now.



Next Ten creates tools that empower Californians through deeper understanding of critical issues affecting our future economy and quality of life.



www.NextTen.org

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Sources for information: the California Department of Finance, the Legislative Analyst's Office, the Center for Continuing Study of the California Economy, U.S. Census Bureau and the American Community Survey, the Public Policy Institute of California, the Department of Motor Vehicles, the Federal Transit Administration and the American Public Transit Association, the Pacific Institute, New Schools Better Neighborhoods, and the U.S. Green Building Association. Numbers have been rounded. Design by Common Knowledge (www.ckgroup.org) and Leah Prahm.