

California Policy Options begins its second decade with this edition. In the 2007 volume, we look ahead to a year of fiscal and economic uncertainty. Apart from the short-term economic outlook, there are ongoing concerns that follow that will affect both longer-term economic growth and the quality of life in California.

Christopher Thornberg points out that the housing market's ascent into stratospheric prices has ended. During the period of adjustment, there may be consequences for state and local governments in terms of reduced tax revenues from capital gains, reductions in activity in related sectors such as construction and furniture sales, and a general spillover into retail activity as homeowners rely less on real estate wealth to finance consumption.

Despite the uncertainties, pressing issues remain for Californians. Among them is health care. As William B. Parent notes, providing coverage for those residents without health insurance has been an ongoing concern in the state, a concern which the governor indicated he would make a priority in 2007. But exactly how this concern can be addressed is unclear. Californians have debated – and voted on – various proposals such as a single-payer plan or an employer-mandate for many years, but have not enacted any comprehensive solution.

Meanwhile, as Daniel J.B. Mitchell points out, the state budget remains in deficit, with revenues falling short of expenditure – a chronic problem which the Legislative Analyst terms “structural.” Californians voted themselves a variety of infrastructure improvements in the November 2006 election – transportation, water projects, flood control, housing, and schools – but all to be paid for from borrowing through bonds with no new state revenues. Mitchell notes that while the dot.com boom/bust in the late 1990s that led to the current fiscal dilemma may seem to be a unique event, the state has experienced similar events in the past. In fact, Governor Pete Wilson faced much the same situation in the early 1990s. Memories are short, Mitchell points out, and a “Plan B” for the state budget in the event of a downturn is lacking.

Part of the “soft” infrastructure of California is its educational system. For many years, Californians have been confronted with a K-12 system that seems deficient on various dimensions. The Los Angeles Unified School District is a prime example. Werner Z. Hirsch notes that mayoral control has been put forward as a solution to the problems of the LAUSD, although the boundaries of the District extend beyond the City of Los Angeles. After a major push in the Legislature by L.A. Mayor Antonio Villaraigosa, a measure of control – still being challenged in the courts at this writing – was granted by the state. What will happen, assuming limited mayoral control eventually falls into place, remains unclear.

K-12 education, particularly at the high school level, is a path to higher education. While not every high school student will want to move on to a four-year college, those that do require support in the form of college preparation classes, adequate school guidance counselors, and so on. Yet, as John Rogers, Jeannie Oakes, Siomara Valladares, and Veronica Terriquez point out, such resources are often lacking in California, particularly in schools with heavy minority and lower-income students. The authors note that litigation has highlighted the deficiencies in college prep support and resources, yet the problem remains.

One element of higher education in California – for those students who make it into the system – as well as those undertaking academic research, is access to informational resources needed for such research and learning. Traditionally, academic libraries – with their large collections of books, journals, and other paper documents – have been the source of that access. But the Internet and other electronic informational sources – as UCLA librarian Gary E. Strong notes – are challenging the traditional approach. Keeping libraries up to date with new technology requires resources and ultimately runs into the budgetary constraints facing all institutions. Increasingly, academic libraries in California must engage in outside fundraising to keep pace with technological innovation.

One of the main local services on which California citizens depend is law enforcement. Police departments are the front line of law enforcement. Yet police-citizen frictions have led to costly events, most notably the L.A. riot of 1992. In his chapter, Wellford W. Wilms analyzes the recent history of the Los Angeles Police Department and, in particular, the management styles that have characterized a succession of police chiefs. Wilms finds that as with any organization, leadership qualities matter a great deal to organizational effectiveness. And in the case of policing, community involvement is another critical ingredient.

If infrastructure is a public concern, so – too – is the environment. Kim Haselhoff and Paul Ong show in their chapter that public anxiety about the environment can conflict with infrastructure enhancements. Thus, public opinion polling suggests that issues of water and air pollution are pressing concerns – with younger individuals especially anxious about them – to the point where in Southern California efforts to expand airport and seaport activity may be hampered.

Issues of income and immigration come together in the chapter by Abel Valenzuela Jr. and Nik Theodore on day-labor markets, a common feature in California. Such markets are sometimes simply street corners or homeowner store parking lots, but there is also a movement to establish more formal worker centers where potential employers and day laborers meet in a regulated setting. A typical wage for those hired is about \$10 per hour. But issues arise over non-payment of promised wages and other abuses of labor standards. Thus, the worker center model – with its ability to provide some protections and amenities – seems to the authors to be a desirable approach for public policy to encourage.

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