

Legislative Town Hall
Senator John M. W. Moorlach
Concordia University Irvine, Grimm Hall
December 1st, 2015

Senator John Moorlach

State Senator John Moorlach gained national attention 20 years ago when he was appointed Orange County Treasurer-Tax Collector and helped the County recover from its bankruptcy filing - at the time the largest municipal bankruptcy in US. History. During his 12 years as Orange County's Treasurer-Tax Collector, John Moorlach reorganized the County's investment portfolio, eliminated risky investments. and oversaw the County's return to fiscal health. In 2006, John Moorlach was elected to serve on the Orange County Board of Supervisors, where. over his two terms, he helped enact pension and retiree medical reforms that staved off another looming financial crisis and saved taxpayers hundreds of millions annually. Senator Moorlach was elected to the California State Senate in the March 2015 special election and has become one of the legislature's foremost experts on fiscal and government reform.

Policy Goals

Team Moorlach is focused on evaluating and improving the State's fiscal health. as well as bringing greater transparency and accountability to state government

The State Budget

According to Senate Republican Fiscal Office analyses, the 2015-16 budget is "precariously balanced as it proposes a new record high spending level of over \$265 billion. This exceeds the 2014 Budget Act total spending (\$254 billion) by over \$11 billion. State General Fund spending accounts for more than half of the increase, growing by \$7 billion from \$108 billion last year to over \$115 billion for fiscal year 2015-16...this rapid state spending increase will not be sustainable."

Improving California's Fiscal Health:

1. Tax Rates: Nation's highest income, sales & gas taxes (when including cap & trade)
2. Unfunded Pension Obligations: \$140 billion
3. Unfunded Retiree Medical Obligations: \$72 billion
4. Deferred infrastructure Maintenance: \$59 billion
5. Unrestricted Net Deficit: \$117 billion

Proposition 98: Proposition 98 requires that 40% of the state budget must be dedicated toward education. However, in recent years, that number has expanded as education employee pension and education bonds have not been accounted for under Proposition 98. According to the Department of Finance, K-12 funding from all sources is about \$83.2 billion, which translates to over \$313.800 per student. Team Moorlach will explore bringing these expenses

under Proposition 98 for a more accurate accounting of total education spending and a productive discussion about our state's overall spending priorities and needs.

Unfunded Liabilities

For decades, elected officials have over-promised and underinvested in public employee pension funds. As these unfunded liabilities continue to rise, governments lose the ability to pay for other competing budget priorities, and the risk to taxpayers increases. Senator Moorlach's team will explore needed comprehensive pension reform, including options such as allowing taxpayers the right to vote on prospective retirement benefits, defining the terms of benefits and capping the amount government employers contribute for new employees.

Better Government

Open Negotiation: Too many public employee labor negotiations take place behind closed doors, allowing for little or no public scrutiny. Costa Mesa and Orange County adopted legislation - Civic Openness in Negotiations (COIN) - that provided for a public and transparent accounting of all labor deals before they are ratified. Team Moorlach will focus on legislation that enacts COIN statewide, including online review of all offers and counters, independent fiscal analysis, and other taxpayer protections.

Regulatory Checks-and-Balances: The State's regulatory power is increasingly concentrated in the executive branch. That can give too much authority to unelected - and often unaccountable - boards and commissions. Senator Moorlach's team will focus on a reform called, the Regulations from the Executive in Need of Scrutiny (REINS) Act, which will bring back checks-and-balances to the regulatory system by giving the legislature the final say on completed regulations. This will also help to ensure that regulations are both consistent with legislative intent and economically feasible.

Caltrans: Like most large organizations, Caltrans would benefit by periodic review and reorganization, allowing it greater flexibility and efficiency for changing times. Senator Moorlach believes Caltrans should strive to be one of the nation's most effective and efficient transportation agencies. Senator Moorlach's legislative efforts will address the deficiencies of Caltrans' current structure and fight for improvements.

Additional Issues

Mental Health: The State of California and its 58 counties have the responsibility of creating and implementing care and services for the mentally ill members of our community, identifying proper uses for funds that already exist as a result of Proposition 63. Senator Moorlach's team is working to find ways to give counties the necessary resources they need to serve this vulnerable population in the most efficient ways possible.