

issue brief | January 2011

THE STATE OF THE MAJORITY

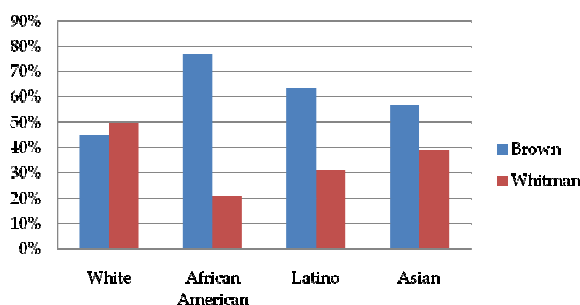
Restoring the California Dream for Our Communities

Introduction

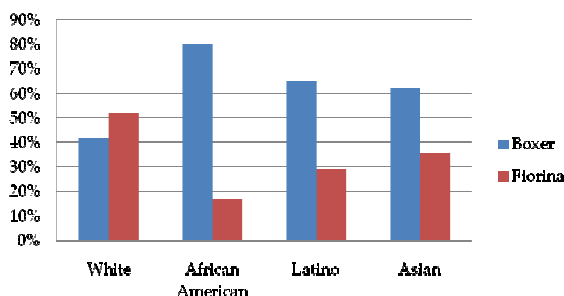
In California, the state's diverse communities stand more politically visible than ever, propelling Jerry Brown into the governor's office. 80% of African Americans voted in favor of Jerry Brown, as did 65% of Latinos, and 56% of Asian/Pacific Islanders. [1] Despite being massively outspent by Republican challenger Meg Whitman (by a margin of 10 to 1) [2], voters of color lifted Jerry Brown into the governor's office.

With newly-elected Gov. Brown set to deliver the State of the State Address, the Greenlining Institute emphasizes the issues that matter most to the constituency that voted him into office. *The State of the Majority* report outlines important challenges facing voters of color in California. Well over 50% of California's populace is already people of color and by 2040, 70% of the state's population will be non-white. [3] We urge all of California's state leaders, especially Gov. Brown, to be responsive to the issues most important to California's growing majority. These are issues that must be addressed in order to achieve a more sustainable California that can continue to offer the California Dream.

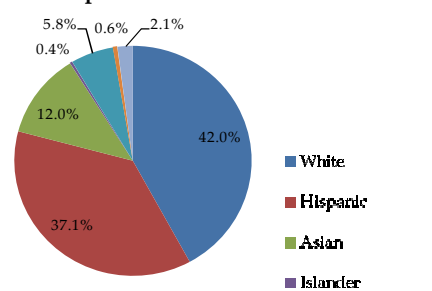
Percent Voters for gubernatorial Candidates Brown and Whitman



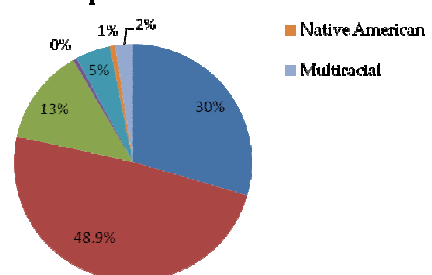
Percent Voters for Senate Candidates Boxer and Fiorina



CA Population in 2010



CA Population in 2040



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1 Generate New Revenues to Protect Vital Services

Budget cuts now under consideration will have devastating impacts on California's most vulnerable populations. Proposed cuts to Med-Cal, for example, could literally put lives at risk by limiting the number of doctor visits, even for patients with serious, chronic illnesses. Further cuts to higher education – coming on top of several years of cuts and massive tuition and fee increases – threaten to cripple the ability of the University of California, California State University and community colleges to provide educational opportunities and a path toward a successful future to students from low and middle-income families.

It is imperative that the state seek new sources of revenue to stop or reduce these crippling cuts. Ideas worth considering include an oil severance tax similar to those already collected in several other oil-producing states, and extending sales taxes to legal, accounting, gambling, entertainment and other services. These tax increases could raise an estimated \$10 billion of needed revenue.

Treating communities of color as collateral damage is no road to recovery. It will only bleed wealth from California's diverse majority.

2 Keep Wealth in California and Save Our Homes—Stop Foreclosures Now

With over 10 million foreclosures projected nationally over the next four years, we are still mired in the middle of the housing crisis. [4] All the while, “too big to fail” institutions on Wall Street have been given more than \$350 billion in bailouts. [5]

Neither President Obama nor the state has offered a truly effective plan that gave innocent homeowners the chance to modify the principals of their loans, the heart of the problem. The administration's Home Affordable Modification Program (HAMP) has failed to reach almost 90% of borrowers eligible for help. [6]

Communities of color were the original targets of predatory loans through manipulative financial practices.

Instead of trying to save these communities, Wall Street seems content to allow foreclosures to continue so that the market can “bottom out.” Treating communities of color as collateral damage is no road to recovery. It will only bleed wealth from California's diverse majority.

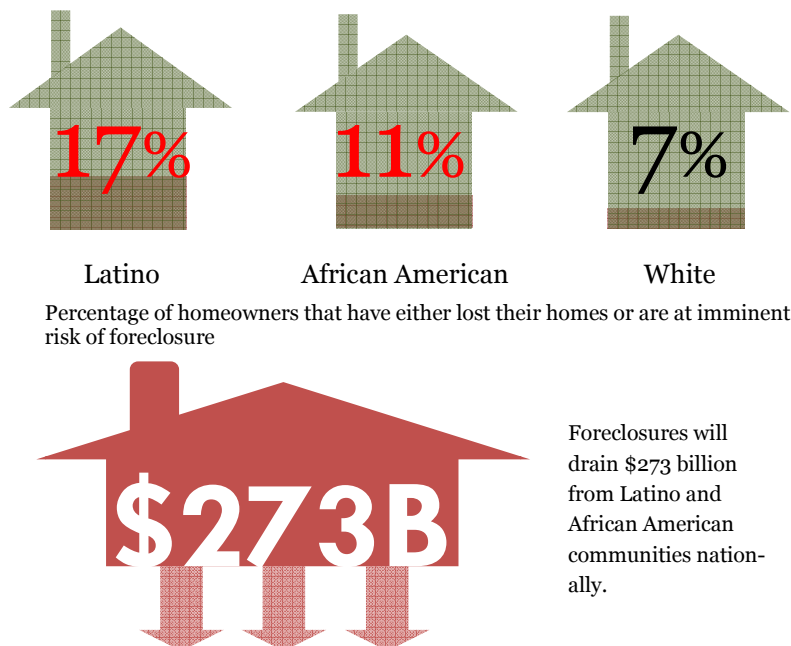
California's path to *sustainable* economic recovery is to help families keep their homes. The governor and attorney general must pressure financial institutions to offer loan modifications to the 90% of homeowners that HAMP has failed to reach.

3 Affordable Insurance and Healthcare—Preserve the Momentum of Health Reform

After a yearlong political struggle to pass health reform, the benefits are already being realized in vulnerable communities. Individuals can no longer be denied coverage for pre-existing conditions. Insurance companies are also required to spend more of what we pay on actual care, rather than pocketing it as profit.

However, all of this progress could be derailed without the ability to control the skyrocketing increases in insurance premiums. State legislation is pending to protect consumers against abusive and job-killing rate hikes.

A stratified landscape of foreclosure risk:



Our state Insurance Commissioner and members of our state legislature are working diligently to pass this legislation into law. California's legislature should pass this bill and the Governor should sign it into law.

4 Growing Our Small Businesses— The Catalysts of Economic Recovery

California's communities cannot rely on the government to be the primary job creator. Small businesses represent California's most robust source of stable, quality jobs.

\$2 Billion

created in diverse contracts in 2009 under the CPUC's Supplier Diversity Program, a key source of stimulus which could be replicated in other critical industries.

To create jobs in our diverse state, policies must target diverse communities, where the unemployment rates are disproportionately high. Over the past twenty years, the California Public Utilities Commission (CPUC) has perfected a model of stimulating job growth by encouraging utilities and telecoms to develop supplier diversity programs. Under this program, six companies regulated by the CPUC generated nearly \$2 billion in diverse business contracts in 2009 alone. [7]

This success can be replicated in other areas, including the \$90 billion insurance industry – so that when Californians pay their auto insurance premiums, more dollars can stay in California rather than being funneled into insurance company headquarters in Switzerland and Germany.

California's largest corporations must do better to grow small businesses, which in turn will help create jobs. The CPUC has a cutting-edge model using supplier diversity which should be replicated across all state agencies regulating large corporations.

5 Halting the Deterioration of Higher Education—Overturning Proposition 209

The single most important factor for the long-term health of our economy is education. In his State of the Union Address, President Obama warned that more than half of future jobs will require higher education. Yet, *public*

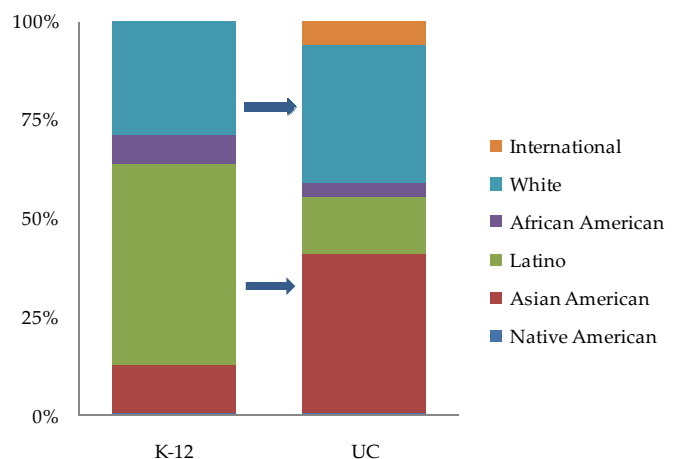
institutions of higher education are handcuffed from offering the path to better jobs and better lives by Proposition 209.

California public education has long been built on the promises of diversity and opportunity. Since its enactment in 1996, Proposition 209 has weakened the state's ability to fulfill those promises by denying admission to California's diverse student population. The results are stark: while the state's public, primary schools are made up of 49% Latinos and 7% African Americans [8], the UCs' most recent class of admissions was comprised of only 20% Latinos and 4% African Americans. [9]

Consequently, Proposition 209's chokehold on the state's ability to admit a more diverse pool of students into its colleges and universities is contributing to the disproportionate unemployment rates in underserved communities. Repealing Proposition 209 will invigorate the state in areas beyond higher education. A better educated workforce in diverse communities will help reinvigorate the California economy.

The Legacy of Proposition 209

CA Student Enrollment: K-12 vs. UC



6 Political Reform—Return Government to California's Citizens

One hundred years ago, Gov. Hiram Johnson established the state ballot initiative process to help citizens *fight* corporate special interests. Today, ballot initiatives have become tools *for* corporate interests. Ballot box budgeting has greatly contributed to the budget disaster we have today.

In recent history, the ballot initiative process has been used to take away basic civil rights. Propositions 209, 187, 227 and 8 are the most recent examples. In 2010 alone, corporations and extremist interests spent hundreds of millions of dollars for their own interests. [10]

Over \$200 Million

spent on initiative campaigns in 2010, mostly coming out of the coffers of a few, large corporations.

California must return political power to its people and democratize the government by significantly limiting the influence of money on ballot initiatives. Furthermore, the attorney general and secretary of state must do more to prevent the ballot initiative process from being used as a tool to erode basic civil rights. It is time to reform our broken initiative system.

Moving Forward

With new Gov. Brown set to deliver the first State of the State Address, The Greenlining Institute hopes that he will lead on issues that are most important to California's majority. *The State of the Majority* is dire, but we hope that the leadership that we voted into office will lead the majority to prosperity.

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7 Leadership Matters—Diversify Government Appointments

The Obama administration has made a groundbreaking effort to reflect the nation's diversity in government leadership through diverse appointments. With California facing unprecedented problems, government dysfunction, and a rapidly changing demographic landscape, the state needs original solutions and guidance more than ever.

Diverse appointments to critical positions, such as Justice Carlos Moreno's vacated seat on the Supreme Court, will allow for better balance and perspective in the handling of our state's most crucial problems. The appointment of Cathy Sandoval, the first Latina ever to serve on the California Public Utilities Commission, is one example. The Governor and the rest of California's executive office holders must continue to appoint leaders who reflect the constituency that voted them into office.



THE GREENLINING INSTITUTE

The Greenlining Institute is a national policy, research, organizing, and leadership institute working for racial and economic justice. We ensure that grassroots leaders are participating in major policy debates by building diverse coalitions of grassroots leaders that work together to advance solutions to our nation's most pressing problems.

Our mission is to empower communities of color and other disadvantaged groups through multi-ethnic economic and leadership development, civil rights and anti-redlining

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