

Cato project delivers its final report

How to Fix California

To the rest of the country and the world, California often conjures images of wealth, glamour, and natural beauty: home to Silicon Valley, Hollywood, and Beverly Hills. Those images notwithstanding, the Golden State has the highest poverty rate in the nation, a chronic homelessness crisis, and a widening chasm between the ultrarich and everyone else. All this, in spite of (or to some degree, because of) California having some of the nation's most extensive tax-and-spend policies on welfare and social programs.

Why is America's most populous state, the one that more than any other exemplifies the American dream around the world, stuck in such dire straits? To answer that question, in spring 2019, Cato launched the Project on Poverty and Inequality in California under the directorship of Cato senior fellow Michael D. Tanner.

Drawing on Cato's decades of research on fighting poverty and producing shared prosperity and human flourishing, Tanner has brought together experts and policy-makers to produce new ideas for curing what ails California. The results of that effort have now been compiled into the project's final report, released on October 21.

Alongside a comprehensive and data-intensive overview of the current situation, the report offers 24 specific proposals. Among the report's recommendations is to end exclusionary zoning, the notoriously restrictive land-use policies that have both contributed to a severe housing shortage and perpetuated patterns of racial segregation. However, the state just took a major step in the right direction: abolishing single-family zoning statewide and enabling all residential property owners to, at the very least, split their parcels in two or construct duplexes on their lots. Tanner and other experts assembled by the Project on Poverty and Inequality in California held



In October, Cato hosted two conferences in California to mark the release of the final report. *Top:* In Los Angeles, **Michael D. Tanner** (left) moderates a panel discussion with **Will Swaim**, president of the California Policy Center; **Michael Lawson**, president of the Los Angeles Urban League; and **Henry Gascon**, director of policy and programs for United Ways of California. *Bottom left:* Supervisor **Jeff Hewitt** (L-Riverside County) discusses the report in Sacramento. *Bottom right:* An attendee participates in a question-and-answer session.

both public events and private meetings with the sponsors of the legislation, known as Senate Bill 9.

Another topic tackled by the project is criminal justice reform, on which California has been making good progress but still has much more to do. Key recommendations for further progress include drug decriminalization, the decriminalization of sex work and traffic infractions, and the rolling back of recent laws that have criminalized flavored tobacco products and increased the minimum age for tobacco consumption.

On education, Tanner focuses on the systemic failures of California's public schools, notorious for their widely varying quality. Proposed fixes include removing barriers to the growth of charter schools and other alternative models, establishing a tuition tax credit program to finance school choice scholarships for low-income families, and restructuring a bloated pension system that has been consuming school budgets.

On welfare and inclusive growth, the

report outlines a number of changes to help Californians stuck in poverty, including rolling back needless occupational licensing; deregulating childcare to reduce costs and increase supply; abolishing asset tests for welfare programs, which discourage savings; and prioritizing cash payments over in-kind benefits and indirect payments.

"If the goal of public policy is to enable every Californian to flourish and rise as far as their talents will take them, it is not nearly enough to simply provide social welfare benefits to those in need," according to Tanner. "Rather, California must remove those policy barriers to economic participation and individual achievement that push people into poverty." ■

THE PROJECT ON POVERTY AND INEQUALITY IN CALIFORNIA FINAL REPORT AND OTHER RELATED PUBLICATIONS AND STUDIES ARE AVAILABLE AT CATO.ORG. THE PROJECT WAS MADE POSSIBLE IN PART BY A GENEROUS GRANT FROM DAVID STEFFY, A HEALTH CARE ENTREPRENEUR AND PHILANTHROPIST, THROUGH THE ORANGE COUNTY COMMUNITY FOUNDATION.