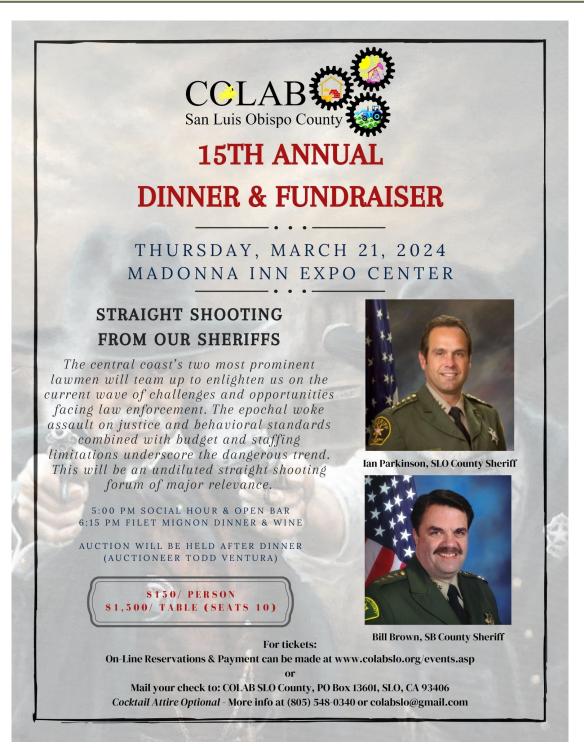


The Coalition of Labor Agriculture and Business

WEEKLY UPDATE JANUARY 14 - 20, 2024



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THIS WEEK SEE PAGE 4

SPECIAL BOARD MEETING JANUARY 16TH 6:00 PM *CREATIONOF A REDISTRICTING COMMISSION*

NO REGULAR BOARD OF SUPERVISORS MEETING

LAFCO

MUNICIPAL SERVICE CAPACITY REVIEWS OF THE AVILA BEACH AND CAMBRIA COMMUNITY SERVICE DISTRICTS

> LAST WEEK SEE PAGE 7

BOARD OF SUPERVISORS MEETING

ARNOLD CHAIRMAN FOR 2024, ORTIZ LEGG, VICE-CHAIR COMMERICAL AIR SERVICE GROWING - BIGGER PLANES EMBEDDED ENERGY COMMISSARS APPROVED COUNTY PICKS DEI FIRM TO CONDUCT CAO RECRUITMENT

SLOCOG MEETING

2024 REGIONAL TRANSPORTATION PLAN

CENTRAL COAST OPERATIONS BOARD (3CE) MEETING

SLO COUNTY SERVICE TO START JANUARY 1, 2025 (THEY NEED TO FIND THE ENERGY SOURCES)

MEANWHILE THEY ARE CONTRACTING FOR OVER HALF A BILLION IN GAS PEAKER PLANT 15 YEAR BATTERY STORAGE DEALS (DOESN'T SOUND SO CO₂ FREE)

EMERGENT ISSUES SEE PAGE 16

GOV. GAVIN NEWSOM DISAPPEARS \$30 BILLION OF THE DEFICIT IN NEW BUDGET Newsom claims LAO¹ was wrong about size of budget deficit

THE SUPREME COURT TACKLES TAXATION

Will decide if the federal government can tax unrealized capital gains not yet received under the 16th Amendment

MORE PEOPLE MOVING OUT OF CA THAN MOVING IN

COLAB IN DEPTH SEE PAGE 26

2024: FREEDOM OR TYRANNY?

THE STRUGGLE COMES DOWN TO THE QUESTION OF AUTHORITY BY BRUCE THORNTON

HOW TO SHRINK A FORTUNE

Endowed with every advantage, California is in free fall, despite its governor's boasts to the contrary BY MARSHALL TOPLANSKY & JOEL KOTKIN

Y MARSHALL IUPLANSKY & JUEL KUIKIN

A CULTURE IN COLLAPSE

We have a rendezvous soon with the once unthinkable and unimaginable BY VICTOR DAVIS HANSON

¹ Legislative Analyst's Office

THIS WEEK'S HIGHLIGHTS ALL MEETINGS ARE AT 9:00 AM UNLESS OTHERWISE NOTED

No regular Board of Supervisors Meeting on Tuesday, January 16, 2024 (Not Scheduled)

The next regular meeting will be on Tuesday, January23, 2024 (Scheduled)

Special Meeting of the Board of Supervisors on Tuesday, January 16, 2024, 6:00 PM (Scheduled)

Item 1 - A study session to review the proposed County Ordinance to create a County of San Luis Obispo Citizens Independent Redistricting Commission. The meeting is actually a rally to promote the establishment of a Citizens Redistricting Commission to process for the next supervisorial redistricting in 2030. There will be a loud claque of former public administrators, the League of Women Voters, and leftist interest groups at the meeting to cheer the process on.

Currently, the Supervisors determine the district boundaries. It is argued that this is an innate conflict of interest which allows the faction in power to skew the boundaries to favor themselves. The current ideological and substantive divide between the progressive left Democrats and conservative of all types underlies the stakes. State law allows counties to establish a Commission to set the boundaries. The process to establish the Commission is lengthy and complicated. This meeting is designed to educate the public on the process and then have the Board give direction to proceed.

The current Board majority favors the establishment of a Commission.

From the COLAB standpoint, neither the current Board run system nor the Commission system are bullet proof in securing an apolitical result. While the law provides a set of criteria to attempt to ensure that the districts are formed on a purely apolitical basis so as not to favor a particular faction, both versions require human management, which allows subjective judgement to leak in. It's somewhat like attempting to ban sex. The natural forces are just too strong to be entirely avoided. The Qualification for Commissioners is outlined below:

The recommended process for establishing the Commission and selecting qualified applicants is outlined in the proposed attached ordinance and summarized below:

1. Number of members and qualifications:

a. Eleven members.

b. Resident of the County of San Luis Obispo and registered to vote in San Luis Obispo County. c. Have not changed registered political party affiliation or no political party affiliation within the past five years immediately preceding the date of his or her appointment to the commission. d. Have voted in San Luis Obispo County in at least one of the last three statewide elections immediately preceding his or her application to be a member of the commission.

e. The member must also be eligible under the provisions of Elections Code § 23003 or any successor provision governing qualifications of commissioners for independent redistricting

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commissions as detailed in the ordinance. Section 23003 was recently amended and has codified the qualifications which include:

i. Cannot be appointed by the legislative body.

ii. In the eight years preceding a person's application, the person or person's spouse:

1. may not have served an elected or appointed position in the local jurisdiction;

2. may not have served as an officer of, employee of, or paid consultant to a campaign committee, candidate for elective office, political party or elected or appointed member of a political central committee in the local jurisdiction;

3. may not have served as a staff member or consultant to, or who has contracted with, or currently serving elected officer of the local jurisdiction;

4. Been a registered lobby to a local jurisdiction;

5. Contributed five hundred dollars (\$500) or more in a year to any candidate for an elective office of the local jurisdiction.
iii. The same requirements apply to a family member (parent, sibling, child or in-law) of an applicant but limit the time frame to four years preceding the person's application.

Of course all of this is rhetorical window dressing, as there are thousands of people who are politically partisan to their core who meet these qualifications.

The process for picking the Commissioners is quite complex and tedious. Moreover, it places the elected County Clerk Recorder in a very powerful role over the initial appointees. **Application Process:**

a. An interested person meeting the qualifications may submit an application to the county elections official. The County Elections Official reviews the applications and eliminates applicants that don't meet the specified qualifications.

b. From the pool of qualified applicants, the County Elections Official selects the 45 most qualified applicants.

c. Nine applicants from each existing supervisorial district will be included in the list of most qualified applicants, unless there are less than nine applicants from the district that meet the minimum qualifications, in which case the total number of qualified applicants will constitute the pool.

d. The County Elections Official makes public the names of the forty-five most qualified applicants for at least thirty days. The County Elections Official shall not communicate with a member of the board, staff member or an agent for a member of the board, about any matter related to the nomination process or applicants before the publication of the list of the forty-five most qualified applicants. During the period described in this section, the County Elections Official may eliminate any of the previously selected applicants if the official becomes aware that the applicant does not meet the qualifications specified herein. After complying with the above requirements, the county elections official shall create a subpool for each of the five existing supervisorial districts of the board comprised of qualified applicants residing in the district corresponding to the subpool to which they have been assigned. e. At a regularly scheduled meeting of the board, the Clerk of the Board or designee, of the County of San Luis Obispo shall conduct a random drawing to select one commissioner from each of the five subpools established by the county elections official. F

. The five selected commissioners shall, at a separate public meeting review the remaining names in the subpools of applicants and shall appoint six additional applicants to the commission. The five initial commissioners shall interview finalists for appointment, allow public comment, and make the appointments during a public hearing

g. The six appointees shall be chosen based on relevant experience, analytical skills, and ability to be impartial, and to ensure that the commission reflects the county's diversity, including racial, ethnic, geographic, age and gender diversity. In order to be appointed, an applicant must receive the vote of at least three of the five selected commissioners.

h. Six additional applicants will be selected, one from each of the existing five subpools reflecting the five existing supervisorial districts, and one at large based on the criteria set forth in the draft ordinance. *h. Six additional applicants will be selected, one from each of the existing five subpools reflecting the five existing supervisorial districts, and one at large based on the criteria set forth in the draft ordinance.*

Voters must approve the County ordinance, and the Legislature must approve it as a spot bill.

Timeline of Events

• If the Board provides direction to pursue legislation, a "spot bill" would need to be provided to Senator Laird's office by February 16

- Last day to take action to place a measure on the ballot is June 18, 2024
- Late 2029, Request for Proposal to procure outside counsel for the Commission
- Full Commission created no later than December 31, 2030

If the Board provides direction to place an ordinance on the ballot for the November 2024 election, the last day for the Board to take action to place a measure on the ballot is June 18, 2024. If the Board provides direction to pursue legislation, a "spot bill" would need to be provided to Senator Laird's office by February 16, 2024

FINANCIAL CONSIDERATIONS (This Year) The cost of placing this ordinance on the November 5, 2024 Consolidated General Election is estimated to be \$51,000. California Elections Code Section 21552(c)(8) requires the Board of Supervisors to provide reasonable funding and staffing for the commission.

And in 2030

Depending upon the Board's direction, there could be costs associated with an election, staff time, costs for a selection process, and costs of providing staff and expertise to a redistricting commission. The County will incur anticipated consulting costs for administration, outreach, demographic analysis, translation services, mapping tools and map preparation, audio/visual support, and legal counsel to support the independent commission. Additionally, County staff costs from Elections, County Counsel, and the County Administrative Office will be incurred. If approved, it is anticipated that this request will result in costs of \$750,000 to \$1 million for the 2030 redistricting process which may be funded by the General Fund. Estimates were determined by evaluation of Santa Barbara County Redistricting actual costs and adjusted for inflation. Due to additional requirements by AB-764 it is anticipated that costs will exceed the baseline estimate due to time requirements and costs associated with contracted support. County staff will return to the Board to request appropriations at a later date, subject to the needs and direction of the full Commission once seated.

What's the rush?

2030 is 6 years off. Moreover the Supervisors are directly elected by the people and are accountable to the people. Why interpose this filter?

Local Agency Formation Commission (LAFCO) meeting of Thursday, January 18, 2024 (Scheduled)

Summary

State law requires that LAFCO's conduct periodic municipal service reviews of cities, special districts, and community service districts within their respective counties. A fairly detailed analysis of the services they provide, future service needs, future capacity and financial capacity are included. The reviews are conducted on 5-year cycles. The Cambria Community Service District and the Avila Beach Community Service District are being reviewed at this meeting. The reports indicated that the 2 districts are generally in good shape, although water and fire service could become a problem for the Cambria District in the future as the population grows. The detailed reviews are listed at the links below:

Item B1 - Municipal Service Review and Sphere Of Influence Study for Cambria Community Services District.

B-1_CCSD+MSR+&+SOI+Study+Staff+Report.pdf (ca.gov)

Item B2 - Municipal Service Review and Sphere Of Influence Study for Avila Beach Community Services District.

https://slo.lafco.ca.gov/files/aa372c7af/B-2_ABCSD+MSR+%26+SOI+Study+Staff+Report.pdf

The stability of the districts is important because if they fail, the County ends up taking over the services, thus diluting its finances and reducing other services.

LAST WEEK'S HIGHLIGHTS

Board of Supervisors Meeting of Tuesday, January 9, 2024 (Completed)

Item 3 - It is recommended that the Board elect Chairperson Arnold and Vice-Chairperson Ortiz-Legg for the 2024 term per the Board's Rules of Procedure. Supervisor Arnold was appointed as Chair, and Supervisor Ortiz-Legg was appointed Vice-Chair. The staff report recommended that the Board follow the rotation established in 2019.

The write-up states in part:

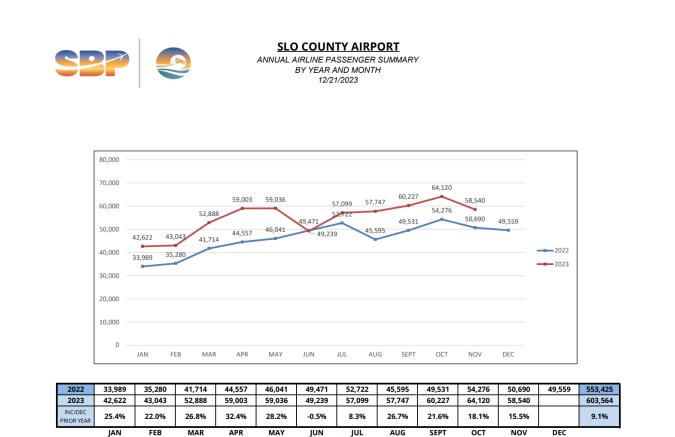
On January 7, 2019, the Board of Supervisors updated Section IV B of the Rules of Procedures to amend processes regarding electing the Chairperson and Vice-Chairperson. Section IV B is referenced below:

"At the first regular meeting of the calendar year after the swearing-in ceremony, a Chair and Vice Chair shall be elected by majority vote of the Board and such Chair shall preside for one year. The process for nominating the Chair and Vice Chair shall be on a rotation basis. Beginning in 2019, the rotation shall be District 5, District 3, District 4, District 2, District 1; with the Chair for a subsequent year serving as Vice-Chair (e.g. 2019 Chair – District 5, 2019 Vice- Chair – District 3). Once completed, the district rotation will start again with District 5 (2024) and continue using the same sequence for Chair and Vice-Chair (District 5, 3, 4, 2,1). If the person nominated for Chair or Vice-Chair declines the nomination, she or he shall be rotated on the list. It is intended, but not mandated, that the Supervisor elected as Vice-Chair will succeed the Chair in the following year. In the absence or inability to attend by the Chair or Vice- Chair, a Chair protem shall selected by the members present."

Following the rotation outlined in the Board of Supervisors Rules of Procedure Supervisor from District 5 is recommended to be the next Chairperson, and Supervisor from District 3 Vice-Chairperson in 2024.

The Chair's main powers are to help set the Board meeting agendas, preside over the meetings, and represent the County as its chief elected official.

Item 7 - Request to approve a Scheduled Airline Use and Lease Agreement Assignment from SkyWest Airlines, Inc. to United Airlines, Inc. for the purpose of providing commercial airline service at the SLO County Airport, by 4/5 vote. This is good news. Passenger boardings have grown to the point where larger planes are required. The agreement between SkyWest, a regional carrier, and the County needs to be assigned to United, an international carrier, to provide the larger planes on some routes.



Item 11 - It is recommended that the Board adopt a resolution to establish the salary range and bargaining unit for the new Sustainability Manager classification. The County apparently created a new position class of Sustainability Manager. This agenda item sets the salary range for the position.

Classification	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Monthly Min	Monthly Max	Bargaining Unit
Sustainability Manager	\$50.94	\$53.49	\$56.16	\$58.97	\$61.92	\$65.02	\$8,829.60	\$11,270.13	07

The annual salary range is from \$105,955 to \$135,240. This does not include benefit costs such as pensions, health insurance, or disability insurance, which can add up to about 40% of the base salary.

Energy Commissars: Various departments may each have a sustainability manager assigned, depending on their respective needs. In this regard the write-up states:

The Human Resources Department has identified a need to establish a Sustainability Manager classification for multiple County departments. The proposed classification will enable the County to recruit and retain in-house subject matter experts to plan, organize and manage energy sustainability efforts and projects in various departments, enabling them to provide energy cost saving and containment solutions, as well as other sustainability initiatives.

The write-up goes on to provide a few samples:

Airports worldwide are facing increasing pressure to adopt sustainable practices due to the growing awareness of environmental concerns and the aviation industry's contribution to carbon emissions. The Federal Aviation Administration (FAA) has issued a goal of achieving net-zero

greenhouse emissions by 2050. As part of the sustainability goals, airports worldwide are pivoting to more electrical energy. The electrification needs of County airports will continue growing and require substantial planning and infrastructure improvements to meet the FAA's net-zero goal. The Department of Airports would utilize a Sustainability Manager to focus on electrification, other broad strategic planning efforts, and development and execution of energy and sustainability projects.

The idea of reducing CO_2 and other greenhouse gases at the airport seems to ignore the elephant in the room. Commercial aviation has been growing exponentially and now constitutes over 2% of world greenhouse gas generation. Many environmental groups are advocating for people to fly less. Does the Board of Supervisors actually believe that electrifying the fuel trucks and baggage tugs at the airport will have a meaningful impact on the issue? Of course there is also the production and transport of jet fuel, not to mention thousands of flights per day spewing a billion metric tons of greenhouse gases all over the world every year.

And

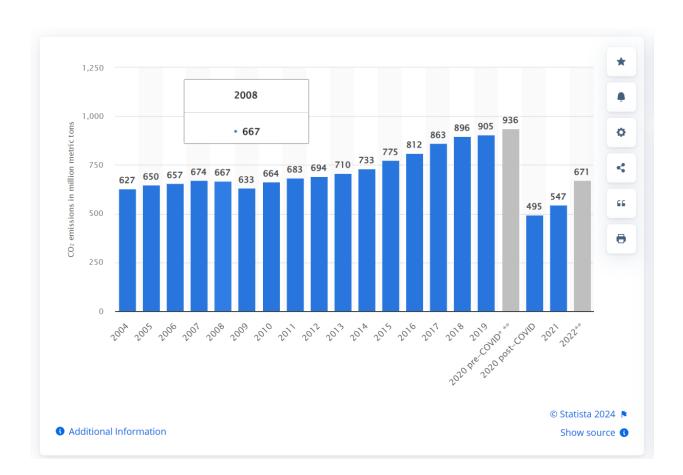
In the Public Works department, a Sustainability Manager position would focus on energy cost containment and offset strategies for the County's surrounding cities and towns. The position would plan, direct, administer, and lead energy and sustainability programs, projects, and practices that benefit County facilities and infrastructure, contain utility rates, and aid taxpayers.

Staff in this classification will act as the County's representatives at various sustainability events, liaison with County departments and other public agencies and stakeholder organizations. These positions will also anticipate risks and initiate new projects in the community with the aim of saving County taxpayers and utility ratepayer's expenses while reducing the County's carbon footprint.

Wouldn't it be better to spend this money on more rural crime Sheriff's deputies, firefighter para-medics, and another road maintenance crew? This would surely be better than installing a set of environmental commissars in each department to further indoctrinate the other employees.

Carbon dioxide emissions from commercial aviation worldwide from 2004 to 2022

(in million metric tons)



Item 24 - Any Supervisor may ask a question for clarification, make an announcement, or report briefly on his or her activities. In addition, Supervisors may request staff to report back to the Board at a subsequent meeting concerning any matter or may request that staff place a matter of business on a future agenda. Any request to place a matter of business for consideration on a future agenda requires the majority vote of the Board. This is now a standing item at the end of each Board Meeting.

Item 25 - Executive Session – Appointment of a new County Administrative Officer. The item would appear to be a discussion of the recruitment for a new CAO. The County has contracted with an outside recruitment firm, CPS HR Consulting,² to conduct the process, which would culminate in the recommendation of finalists for the Board to interview. In addition to

² Headquartered in Sacramento, California, CPS HR has offices in Littleton, Colorado and Austin, Texas. They have 120+ full-time employees and 200+ project consultants serving more than 1,200 public and nonprofit clients throughout the United States and Canada. CPS's web site indicates that they are heavily involved in executive search, designing exams, ensuring compliance with State personnel laws relating to public agencies, and helping jurisdictions install Diversity, Equity, and Inclusion (DEI) programs for government agencies.

recruiting and designing personnel systems, CPS lists one of its key products as installing DEI programs in its clients' organization. You have wonder what sort ideologies they might favor in their recommended CAO candidates? Their website states in part:

Creating Connection Belonging and Safety through DEIB

The conversations around ethnic diversity, equity and inclusion have become more comprehensive and multidimensional in the 21stCentury.Considering the most recent events occurring around the United States and reverberating around the world, this topic is more relevant now than ever before. High performing organizations in both the public and private sector are actively embracing an employee engagement strategy, which directly navigates through these "challenging waters" for the express purpose of creating meaningful connections among employees to promote diversity, equity, inclusion and belonging.



In any case, the job requirements they have posted are limiting, vague, and low:

Qualifications

A bachelor's degree in public administration, business, or a related field is required, with an advanced degree preferred. A minimum of ten years of administrative and executive experience in the public sector, along with a minimum of five years in a management or leadership capacity within a County or City Government, is essential. Demonstrated experience in directing strategic planning, budgeting, personnel management, and administrative functions in a large-scale, public-sector environment is crucial.

Ideal Candidate Profile

We seek an exemplary leader with a commitment to personal and professional integrity, possessing seasoned administrative and executive abilities. Your exceptional communication skills, political acumen, and emotional intelligence will be key in navigating a politically divided Board and inspiring a culture of respect and transparency within the organization. A track record of successful strategic planning and execution, coupled with a keen understanding of community engagement, is essential.

The full brochure can be accessed at the link:

https://online.flipbuilder.com/kper/xbwi/

Compensation and Benefits

The salary range for this position is **\$241,841.60-308,651.20**, commensurate with skills and qualifications. The County of San Luis Obispo also offers a competitive benefits and wellness package, reflecting our commitment to employee well-being.

The application deadline is on a short yank, with January 19, 2024 as the final date for applying. Several knowledgeable people in the community have indicated that notwithstanding the ostensible open recruitment, the position is wired for someone who is well known and amenable to the left progressive majority. The acting CAO, Rebecca Campbell is rumored not to be interested in the position as this time. Accordingly, could it be former Public Works Director (and erstwhile director of several special districts) Paavo Ogren or current Public Works Director John Diodati? Diodati and Public Works did a great job handling emergency storm operations and recovery during the 2023 exceptional rains. What about SLO City Manager Derek Johnson? He has certainly earned his stripes as able to function in a leftist organization. Or is there another retired city manager/CAO type with leftist cred lurking in the County or nearby?

The recruitment brochure focuses on homelessness as the most important issue facing the County, but control of the water in the Paso Basin is and has been the driving interest of the Board majority. Who could help the majority deliver the bacon in the Basin? Or is that already now a fait accompli? It will be informative to see how various Basin players contribute in the recall election of Supervisor Gibson.

Remediation of homelessness is a decoy issue used to distract the public from the real issues of massive capital investment deficits, massive maintenance deficits, shortages of patrol deputies in the Sheriff's office, an under deployed fire department, the pension deficit, insufficient land zoned for housing, and an unsustainable model of government structure and financing. No one actually has the guts to admit that the homeless problem is ultimately the result of governments failing to enforce behavioral standards and providing consequences for narcotic use and alcohol abuse.

Would they ever hire a County Administrator who is empowered to speak up in these regards?

Item 26 - Digital Inclusion. This was a surprise item that was added to the agenda at the last minute. There was no write-up, and accordingly the presentation was live with a PowerPoint.

The left progressives nationally and statewide have made so-called digital equity or inclusion a policy fetish. The federal government is dumping billions into a program to subsidize and/or have governments develop and operate fiber-optic networks and cell towers. The theory is that poor people, minorities, and some rural people are not able to have fast enough internet service.

In turn, they are alleged to suffer economic and social disadvantage. The billions of dollars will be used to subsidize installation and operation of facilities to serve this population. There is heavy emphasis on installing fiber-optic systems. Actually, these will soon be obsolete as the Starlink satellite system is being installed by the private sector, which will cover the entire planet. In fact, about twenty satellites per week are being launched from Vandenberg. Thousands are already in orbit.

This whole government effort is a huge obsolete patronage boondoggle designed to enrich the political left. The County should receive a report from its economic development consultant, REACH, on the future of the internet in this regard. Several speakers brought this up to no avail. The Board praised the presentation and directed staff to forge ahead in securing funding to carry out a County digital equity plan.

San Luis Obispo County Council of Governments Meeting of Wednesday, January 10, 2024 (Completed) 9:10 AM

Item B 2 - 2024 Regional Transportation Improvement Program. The Regional Transportation Plan is a long range plan for allocation of Federal, State, and local funding for roads, bridges, new highways, highway widening, transit services, and bikeways. This item seems to be a snapshot of what has been approved for 2024.

In summary, SLOCOG's Draft 2024 RTIP recommends the following investments (See Table 1).

- A. Maintain all prior commitments for fully funded projects, including minor budget augmentation and capital contingencies.
 - #1 Avila Beach Rd. Intersection Roundabout
 - #2 US 101 Managed Lane
 - #6 SR227 Los Ranchos Rd. Roundabout
 - #9 SR46E Corridor Imps. WYE
 - #17 Morro Bay to Cayucos Connector
 - #21- <u>Uncommitted Balance</u> | Priority Capital Contingencies #2 (US 101 Managed Lane).
- B. Partner with Caltrans District 5 and close capital funding gap two projects.
 - #16 1/41/N. Main St. Op. Imps (Prior \$5.9M, New \$2.4M = \$8.3M) Caltrans & Morro Bay providing match contributions to Caltrans SHOPP program.

- C. Maintain 10% match commitment for improvements seeking state and/or federal grants supporting the region's Sustainable Communities Strategy regarding housing and employment.
 - #5 US 101 Prado Rd. Overpass Ph1 (SLO) * (Prior \$6.0M, New \$4.2M = \$10.2M)
 - #11 SR 46 Union Rd. Overpass Ph 1 (Paso) * (Prior \$3.5M, New \$2.5M = \$6.0M)
 - #13 SR 46W/US 101 (New \$1.7M SB1 SCCP, IIJA)
- D. Advance other corridor priorities on SR 227 and SR 46; and match grants for capital funding when ready
 - #7 SR 227 Buckley, Edna Trail, Crestmont Rd Imps. (New \$950K for PreCON)
 - #12 SR 46E/101 I/C E/B off-ramp (New \$2.3M)
 - #14 -Temp. to Atascadero Connector (Reduce from \$2M to \$0M; Encourage Caltrans D5 to sponsor improvement as a "project of statewide significance" – ATP Cycle 8)
- _____
- E. Support preconstruction investments (Environmental and/or Design)
 - #8 Separated multi-use trail Edna Valley Buckley to Farm House (New \$400K)
 - #18 Separated multi-use trail Chorro Valley Trail SLO to Cuesta (New \$500K)

F. Other Local and Regional Programs

- #19 Local choice funds. Apportionment of State Highway Account funds
- #20 Community Betterments (Cycle 2) \$8M Call for Projects

G. Uncommitted Capacity – Priority (Direction from SLOCOG Board 12/6/2023)

- #21 Cycle 1 Community Betterments Cost Increases
 - i. In Grover Beach, West Grand Ave (Not to exceed \$1.6M)
 - ii. In Atascadero, El Camino Real (Not to exceed \$800K)
- #21 Reserve remaining uncommitted capacity to address the following priorities:
 - i. Capital contingencies for US 101 Part Time Use of Shoulder.
 - ii. Pending efforts to secure state and/or federal grant funds for Project #7 SR 227/Buckley Rd. Roundabout pending efforts to secure federal grant funds.

There is no mention of the push for a half cent sales tax increase in this write-up. However, the detailed tables show many projects as only partially funded or dependent on future Federal and State allocations for funding. We expect the push for a sales tax to appear in future documents.

Central Coast Energy Authority (3CE) Operations Board meeting of Wednesday, January 10, 2024, 10:30 AM (Completed)

Item 7 - CEO's report.

START OF SERVICE FOR CITY OF ATASCADERO AND COUNTY OF SAN LUIS OBISPO CONFIRMED On December 18, 2023, 3CE received a letter from the California Public Utilities Commission confirming that 3CE had met its expansion requirements and setting January 1, 2025, as the "implementation date" to allow the residents and businesses within the City of Atascadero and the County of San Luis Obispo to begin receiving service as 3CE customers.

Item 8 - Approve and authorize CEO to execute Hybrid - Battery Energy Storage System Power Purchase Agreement with MRP Pacifica Marketing II, LLC for the Panoche Hybrid Project, in a form substantially similar to the attached, as well as any necessary ancillary documents, with a power delivery term of 15 years starting with an expected Commercial Operation Date of January 1, 2026, in an amount not to exceed \$168,000,000. This appears to be a 15 year contract for energy from a gas fired peaker plant connected to a battery storage facility in Fresno County.

The write-up states that the facility will use less gas than current plants and is therefore CO_2 saving. The actual language is obfuscatory. Why are they signing up for long term gas fired peaker plants?

Innovation

3CE supports projects that accelerate decarbonization while remaining cost competitive. This project is a creative repurposing of an existing site, utilizing its valuable and scarce transmission capacity to transition away from a conventional power facility towards an energy storage system.

The modeling indicates the new energy storage system will compete with the existing natural gas Peaker to use the interconnection capacity, and is predicted to reduce emissions on average between 54% to 78%. Actual results are contingent on the real time energy market prices affecting the economics around either running the Peaker or charging and discharging the battery.

Item 9 - Approve and authorize CEO to execute a Hybrid - Battery Energy Storage System Power Purchase Agreement with MRP Pacifica Marketing II, LLC for the Midway Hybrid Project, in a form substantially similar to the attached, as well as any necessary ancillary documents, with a power delivery term of 15 years starting with an expected Commercial Operation Date of January 1, 2026, in an amount not to exceed \$368,000,000. This one is similar to Item 8 above. The write-up states in part:

Contribution to 3CE's Mission and Goals With the volatile Resource Adequacy ("RA") market dynamics, inclusive of a major reform called the 24- hour Slice-of-Day paradigm going live in 2025, this hybrid resource will provide valuable fixed-price RA benefits to ensure RA compliance for 3CE. It will meet approximately 13% of 3CE's RA obligation.

It will provide a cost-effective energy hedge to 3CE and the CAISO. During constrained market condition events and the Peaker is dispatched, the financial structure has the energy being purchased directly by the CAISO from Seller. Thus, it will have no reportable emissions on 3CE's Power Content Label.

Thus when there is an energy shortage, 3CE will get energy credits but will not be responsible for the related carbon generated. This does not seem to be an ethical position, given all their crowing about being carbon free.

EMERGENT ISSUES

Item 1 - Gov. Gavin Newsom Disappears \$30 Billion of the Deficit in New Budget

Newsom claims LAO was wrong about size of budget deficit By <u>Katy Grimes</u>, January 10, 2024

Where did \$30 billion of California's budget deficit go?

California Governor Gavin Newsom put on quite a budget show this morning, feigning indignation over the Legislative Analyst's Office's recent update on the state's actual budget deficit, which the LAO put at \$68 billion. Newsom's \$330 billion budget has been whittled down to a svelte \$291.5 billion.

"This is a story of correction and normalcy," Gov. Newsom said, downplaying the swing from the \$100 billion surplus to a \$68 billion deficit.

"During the last few surpluses, a lot of money went to new programs rather than to the state reserve, and now look where we are. Now we have to make cuts to things that we shouldn't have made in the first place," Lee Greenman, a California-based accountant who helps city and other regional entities fix budget problems, told the Globe.

"The Governor is minimizing the true size of California's budget deficit," Assemblyman Josh Hoover (R-Folsom) said. "Meanwhile, the Legislature is debating a new 'wealth tax' to solve a budgetary problem they created with years of waste and overspending. No matter how high taxes get, it never seems to be enough. Raising taxes again will only increase costs on hardworking Californians and continue to drive taxpayers out of our state."

Gov. Newsom denies a wealth tax and took a few pot shots at the <u>Wall Street Journal editorial</u> <u>board</u> for the (actual) proposed wealth tax on California's highest earners and the wealthy: "Progressive ideas that originate in California have a habit of spreading. So it's worth paying attention to legislation moving in Sacramento to establish a wealth tax on high earners and a bounty-hunter scheme for plaintiff attorneys to target alleged tax dodgers."

"The damage you intentionally do – there I said that," the Governor said Wednesday, addressing their WSJ editorial board. "

"I love this damn state," he said dramatizing his indignation at the negative reporting over his leadership and ruinous economic policies.

<u>@GavinNewsom</u> slammed the <u>@WSJEditorials</u> board for writing about the proposed wealth tax in CA. "The damage you intentionally do… there I said that." "These are not truth seekers – it's ideological." Called the board "a broken clock." Newsom denied a wealth tax… except it is back and waiting for hearing – Asm. Alex Lee authored it.

"A wealth tax will accelerate an exodus already in progress, as the wealthy will flee to more hospitable states, joining California's small businesspeople, its vanishing middle class, aspiring

youth, skilled workers, honest tradesmen and contractors, fixed-income retirees, and everyone else who can no longer afford to live here," Edward Ring <u>wrote for the Globe</u> about Assemblyman Lee's Wealth Tax legislation, <u>Assembly Bill 259</u>, which will impose an annual "worldwide net worth" tax of 1 percent on net worth above \$50 million, rising to 1.5 percent on net worth over \$1.0 billion.

"Democrats introduced the bill last winter, and it will get a hearing Wednesday in the state Assembly as lawmakers scrounge for revenue to fill a projected \$68 billion budget hole," the <u>WSJ said</u>.

Are they telling a fib to readers?

Nope. Assemblyman Alex Lee <u>bragged on Twitter</u> Tuesday Jan 9th: "Our wealth tax on billionaires will be up for a vote tomorrow. Let's <u>#taxtherich</u> and protect our progress <u>#AB259</u>": The Globe fancies that Gavin Newsom, who still insists he is not running for President in 2024, is very concerned that the most read and widely circulated national newspaper in the country is poking at his economic policies, and wincing over how unpopular a wealth tax would be on the campaign trail.

Newsom referred to media reports about California's deficit as "distortions," and said he was bringing back normalcy. His \$330 billion budget has been whittled down to a svelte \$291.5 billion.

"We have been pretty damn transparent with you about that number," he said.

<u>It is important to remember</u> that when Gov. Jerry Brown was (re)elected in 2011, the state budget was \$98 billion. The state's population was a little over 38 million. Brown doubled the budget to \$199.3 billion in 8 years – with no measurable increase in population. Gov. Newsom inherited Brown's \$199.3 billion budget, and has grown it to \$330 billion in 5 years – while losing population. Where is all of that new spending going?

Several times Newsom talked longingly about the budget surplus, and made as if the budget swing is no big deal.

Here are a few slides from his presentation with some budget details:







ALL

BUDGET PROPOSAL

\$291.5 BILLION: Balanced Budget

\$208.7 BILLION: General Fund

\$37.86 BILLION: Shortfall

CA Gov. Gavin Newsom presenting 2024-25 budget. (Photo: gov.ca.gov)



CA Gov. Gavin Newsom presenting 2024-25 budget. (Photo: gov.ca.gov)



CA Gov. Gavin Newsom presenting 2024-25 budget. (Photo: gov.ca.gov)



CA Gov. Gavin Newsom presenting 2024-25 budget. (Photo: gov.ca.gov)

As we asked, Governor <u>@GavinNewsom</u> 2024-25 budget: \$109.1 Billion "TK-16" spending. "TK-16?" Pushing the cradle to grave government with "transitional kindergarten" through 4 years of college?

What happened to K-12 education spending?

A few more slides of budget spending:







ALL

CALIFORNIA'S CLIMATE COMMITMENT

- Holding Big Oil accountable
- Streamlining clean energy, water, transportation infrastructure
- International leadership with Australia, Canada, China, Japan, the Netherlands, and New Zealand
- Clean transportation / ZEVs
- Climate Corps
- Klamath Dam removals / Salton Sea restoration
- 30x30

CA Gov. Gavin Newsom presenting 2024-25 budget. (Photo: gov.ca.gov) This was a truly strange comment from Newsom: "Extreme weather patterns led to extreme budgeting."



CA Gov. Gavin Newsom presenting 2024-25 budget. (Photo: gov.ca.gov)







ALL

CALIFORNIA'S ECONOMIC DOMINANCE

- Grants to small businesses
- CalCompetes
 - Tax Credits
 - Film
 - R&D
 - CalEITC
- Young Child

CA Gov. Gavin Newsom presenting 2024-25 budget. (Photo: gov.ca.gov)



CA Gov. Gavin Newsom presenting 2024-25 budget. (Photo: gov.ca.gov)

Yah, that last slide gave me a headache too.

Gov. Newsom addressed the difference between the Legislative Analyst's budget deficit and his – "it's a difference of opinion in the short run versus the long run," Newsom said. "We are just a little less pessimistic than they are."







ALL

SOLUTIONS

- \$18.8 BILLION: Budget Resilience
 Reserves / revenue / borrowing
- \$11.9 BILLION: Belt Tightening / Stretching Dollars
 - Reductions / fund shifts
- \$7.2 BILLION: Delays / Deferrals

CA Gov. Gavin Newsom presenting 2024-25 budget. (Photo: gov.ca.gov)



CA Gov. Gavin Newsom presenting 2024-25 budget. (Photo: gov.ca.gov)



CA Gov. Gavin Newsom presenting 2024-25 budget. (Photo: gov.ca.gov)

The most preposterous statement Gov. Newsom made may be, "Belt tightening – "we did what you do at home."

Lastly, the Globe questioned Newsom's getting the state into the immunology business:

The Globe will drill down on specific budget areas.

Katy Grimes, the Editor in Chief of the California Globe, is a long-time Investigative Journalist covering the California State Capitol, and the co-author of <u>California's War Against Donald</u> <u>Trump: Who Wins? Who Loses?</u>

Item 2 - The Supreme Court tackles taxation - By Greg Maresca

<u>Moore v. U.S.</u> will decide if the federal government can tax unrealized capital gains not yet received under the 16th Amendment. The justices agreed to hear the Moores' appeal as the couple wanted their \$14,729 refund that the Ninth U.S. Circuit Court of Appeals ruled against. The Ninth Circuit, known in legal circles as the "Ninth Circus" has the worst record of any appeals court before the Supreme Court.

Like <u>Dobbs v. Jackson Women's Health Organization</u> did last year, this case will have a huge and lasting ripple effect that should concern everyone.

It is no secret that the nation is accruing debt that is unsustainable. The day of reckoning approaches.

Over a century of income tax laws has resulted in thousands of pages of decrees that carve out craters of exemptions in a labyrinth of directives. The tax code is a bloated, crony-orchestrated, lobbyist-measured disaster for those unable to manipulate it by hiring all those cunning accountants and attorneys who are paid handsomely to circumvent it.

When was the last time a member of Congress did their own taxes?

A fundamental reckoning from the ground up is long overdue to bury the income tax along with the IRS and replace them with a consumption tax or flat tax.

To tax unrealized capital gains not yet received is extreme. The power to regulate and tax is the power to destroy. Congress's authority to tax does not include reinvested capital and personal property as income.

Income is money received. Assets may increase in value, but until they are collected as interest or dividends, or sold, there is no income. If you cannot spend it, it is not income.

You can't pay the rent or fill your gas tank with paper gains or the appreciation of your home. When you gain on any financial instrument but do not sell you earn a "paper profit." If unrealized gains are taxed, and the taxpayer has no cash to pay, a forced liquidation would be necessary for payment.

Are you prepared to pay a tax because your assets go up in value? House, car, pets, trading cards, comic books, Auntie Estelle's antique coffee table – where does it end? Provided market values decline would monies be refunded? Stop laughing, that was no joke.

Uncle Sam wants all the golden eggs without having to buy the hens, the henhouse, and the chickenfeed. The power brokers in Washington believe everything is subject to taxation, real or imagined.

It is pitiful that this case is even necessary.

A tax in bad faith resulted in a revolution nearly 250 years ago. Such taxation realizes the socialist dream of equal outcomes regardless of effort, ingenuity, innovation, or lack thereof. Ayn Rand's nightmare is finally realized.

The Supreme Court's job is not about maximizing taxable income for Uncle Sam but to interpret if this tax is constitutional.

A ruling in favor of Uncle Sam will unleash Congress' taxing power and devastate our economic system as we know it. Going forward, all unrealized income will become whatever the government says it is.

The Supreme Court's decision is expected in June right in the middle of the presidential campaign. Provided the government loses and refusing to allow what they perceive as a crisis; Democrats will condemn the decision as a political red herring.

A Moore victory would also challenge other sections of the tax code that stands at nearly 7,000 pages. Provided they are unconstitutional; they must fall, too.

The income tax has been around since 1913 and its ability to produce revenue has never been mitigated by politics. The hardcore issue is the United States does not have a taxing problem, but a spending problem. Revenue is up but it can't compete with current spending levels.

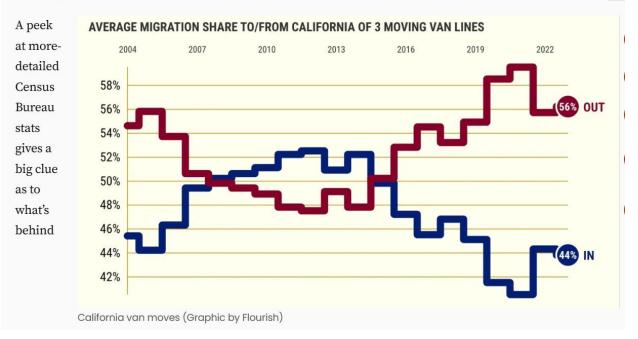
A ruling in favor of the government would only exacerbate such spending.

Item 3 - More Moving Vans Leaving California Than Coming In

California demographers say the state had 260,400 more people exiting than arriving from elsewhere in the US in the year ending in July 2023. That was down from 295,600 the previous year and 361,270 in 2021.

na pr

pr



COLAB IN DEPTH

IN FIGHTING THE TROUBLESOME LOCAL DAY-TO-DAY ASSAULTS ON OUR FREEDOM AND PROPERTY, IT IS ALSO IMPORTANT TO KEEP IN MIND THE LARGER UNDERLYING IDEOLOGICAL, POLITICAL, AND ECONOMIC CAUSES

2024: FREEDOM OR TYRANNY? *THE STRUGGLE COMES DOWN TO THE QUESTION OF AUTHORITY* BY BRUCE THORNTON

Ever since consensual governments were invented in Greece 2700 years ago, one question has been repeatedly debated: Are citizens, no matter their birth, wealth, or brains, capable of managing the political community? Or must we rely on "managerial elites," whether aristocrats, plutocrats, or technocrats, to control collective power and determined the actions and purposes of the state?

26

But this question has always had a corollary one: Freedom or Tyranny?

This debate has been going on since ancient Athens, and ultimately influenced the creation of the United States. The Founders created the unprecedented structure of our Constitutional order to avoid the various excesses of the old regimes, especially those ruled by elites, which typically degenerated into tyrannies. The ultimate goal of the Founders was to avoid both the tyranny of the elite few, and the tyranny of the volatile many, both of which are toxic for freedom.

The rise of the leviathan federal government and its technocratic agencies, and its expansion under Woodrow Wilson, FDR, LBJ, and subsequent presidents from both parties, has now under Joe Biden's Potemkin Administration reached a level of intrusive power that if left unchecked much longer, will end up in full-blown tyranny.

On November 5, 2024, we the people will have a chance to impose a reckoning on the Biden regime that, in addition to egregious policy failures both at home and abroad, has brought us dangerously close to tyranny.

The struggle between freedom and tyranny comes down to the question of authority, or as Lewis Carroll's Humpy Dumpty put it, "which is to be master—that's all." Hence all aspiring tyrannies seek to aggrandize authority and neutralize or demonize alternative sources. That's why the progressives at the turn of the 20th century started targeting the Constitution, our supreme political authority.

In his book *The New Freedom* (1913), Woodrow Wilson rejected the Constitution's limits on power by the separation of government functions, and mutual checks and balances of them. Instead, Wilson favored a "theory of organic life," which is "accountable to Darwin It is modified by its environment, necessitated by its tasks, shaped by its functions by the sheer pressure of life." The "wise few," Wilson argued could take control of this evolution, and better govern, guide, and improve the many.

This idea of a "living Constitution" reflects not just the begged questions of political scientism, but also the rejection of authorities like tradition and faith, which the Founders considered the sine qua non of the political order that gave freedom to humans indelibly flawed by passions and interests.

Next, along with the Constitution, the authority of the Bill of Rights, especially the First Amendment, has been undermined by innovations such as "hate speech" and "cancel culture," which assume new "rights," like the right of politically selected group identities not to be insulted or criticized. These "rights" function as unwritten exceptions to the First Amendment's unalienable right of free speech bestowed by "nature and nature's God," and so lie beyond the authority of mere men.

Now public and private institutions have created speech codes, policies, and offices that surveil, investigate, and censor violations of these new "rights." But these mechanisms enforce an ideological orthodoxy that favors and empowers one political faction at the expense of others, compromising their rights and freedom.

And as we have seen during the Covid crisis, government agencies have colluded with social media to create what journalist Michael Shellenberger calls the "Censorship Industrial Complex" that silences dissenters, and "cancels" them professionally and personally in order to deter other dissidents and enforce the party line—the modus operandi of tyrannical regimes both ancient and modern.

So, too, the First Amendment's anti-establishment clause, which has been tortured into a ban on protected religious speech in the political town square, marginalizing religious faith, which once was a potent rival to the tyrant's arbitrary authority. In our times, over a century of secularism has so weakened faith and diminished its authority that our public institutions have become Christophobic. Now Christian beliefs have been banished from contributing to policy discussions on issues like abortion, homosexuality, and transgenderism.

Worse yet, Christians have become targets of the Feds. One FBI field office report highlighted "violent extremists in Radical-Traditionalist Catholic Ideology" as offering "opportunities for mitigation." Federal agencies are investigating, surveilling, and indicting Christian activists and businesses. In September 2022, for example, 25 heavily armed FBI agents with 15 vehicles raided the home of pro-life activist Mark Houck, while five of the agents pointed automatic weapons at his family.

The pretext for the raid comprised dubious violations of the FACE act that prohibits both proabortion and pro-life organizations from using violence or obstructing these facilities during protests. But as the Heritage Foundation reported, in 2022 the DOJ had been violating the 14th Amendment's guarantee of equal protection under law by charging 26 pro-life activists with FACE violations, but not a single pro-abortion protestor, despite 100 pro-abortion attacks on prolife centers.

In an even more egregious weakening of equality under law, Donald Trump is facing 91 Federal charges brought by multiple prosecutors for alleged "crimes," such as mishandling classified documents, that Democrat politicians such as Hilary Clinton and Joe Biden have committed with impunity. Lawfare waged by some states and the Feds is seeking to keep Trump off the ballot, or cripple his campaign—a level of "elections interference" typical of tyrannical Banana Republics.

Or consider the several hundred Trump supporters who have been jailed going on three years for the brief occupation of the Capitol on Jan. 6th, many for misdemeanors or just being there. Meanwhile, thousands of Antifa and BLM protestors have not even been charged for felonies like arson and violent assaults during months of national protests and riots over the death of George Floyd in 2020.

Such ideologically selective investigations and partisan prosecutions, such corruption of the laws and the Constitution's 14th Amendment that public officials have sworn to uphold, represent the usurpation of the law's authority by factional interests at the expense of the freedom and equality of other factions. They are the epitome of tyranny going back to ancient Athens.

The most consequential authority that tyrants try to undermine is that of the family and parents. More than 175 years ago, Karl Marx and Friedrichs Engels famously called for the abolition of the nuclear family for being a tool of capitalist power and control: "The bourgeois family will

vanish as a matter of course when its complement [capitalism] vanishes, and both will vanish with the vanishing of capital," they wrote in the *Communist Manifesto*.

In the last few years, the transgender movement has similarly targeted parents and their authority as obstacles to their radical goals. It has invaded public school curricula, and exposed even preteens to "non-binary" propaganda, grotesque drag-queen shows, and outright pornography. Worse, dangerous treatments like cross-sex hormones, puberty blockers, and irreversible surgical mutilation are touted by school psychologists and celebrated in popular culture.

Parents who protest such folly at school-board meetings, or complain to principals are often ignored and their authority cancelled. In some states like California, parents have lost the right to decide which "gender" is suitable for their child, and even risk losing custody. Often, they are slandered as "domestic terrorists" and subjected to investigation by the FBI.

But educational institutions have long competed with parents for control of children, often to advance illiberal political ideologies. Cultural Marxists of the Frankfurt School understood that the control of educational institutions and curricula offered the best opportunity to mold children and young people into leftists. Hence the successful "long march through the institutions," the decade-by-decade take-over of K-12 schools and universities, which these days indoctrinate their charges into adopting "woke" authoritarian beliefs, and "one-world" globalist collectivism inimical to our national sovereignty, and the ordered liberty and unalienable rights enshrined in the Constitution.

As the new year begins, signs of a push-back against this "woke" tyranny abound. The Diversity, Equity, and Inclusion apparatus is seeing many institutions cutting back on DEI employees, and some states banning them altogether. School choice policies are proliferating, and in blue Wisconsin, the Supreme Court just tossed a lawsuit attempting to undo a school voucher program allowing parents to pick their children's schools. And Democrats are getting cold feet about Joe Biden's running for reelection given his manifest failures on the economy, border security, and foreign policy, all helping to drive down his approval ratings.

But we shouldn't let those favorable portents make us careless. Polls are snapshots, at best suggesting trends that can change in an instant. We still don't know how Donald Trump's multiple trials will play out once the campaigns shift into high gear. Most significantly, questions about the 2020 election and its suspicious anomalies remain. Some reforms have been enacted, but the Democrats are working hard to shape the election by means of mail-in ballots that in 2020 doubled the number of such votes in 2016.

As William Doyle writes in *The American Conservative*, "All that ultimately matters in mass mail-in voting states is the number of absentee ballots that can be distributed, harvested, and ultimately counted in local election offices by partian election activists over the weeks and months preceding election day. Through the strategic expansion of mass mail-in voting, Democrats are creating a new urban based, activist driven electoral playing field where they alone can win."

Republicans must either pray for a landslide big enough to counter mail-in fraud; or adapt to the new electoral reality. "Republicans," Doyle concludes, "must make a concerted effort to better

understand the pernicious logic of mass mail-in voting, to mount an 'all hands on deck' legislative and lawfare effort to counter its spread, and push for a return to conventional, time-tested election norms."

Otherwise, the "fundamental transformation" of our Republic will leave us in tyranny.

Bruce S. Thornton is a Shillman Journalism Fellow at the David Horowitz Freedom Center, an emeritus professor of classics and humanities at California State University, Fresno, and a research fellow at the Hoover Institution. His latest book is Democracy's Dangers and Discontents: The Tyranny of the Majority from the Greeks to Obama.

HOW TO SHRINK A FORTUNE

Endowed with every advantage, California is in free fall, despite its governor's boasts to the contrary. BY MARSHALL TOPLANSKY & JOEL KOTKIN

For generations, millions have come to California to make their fortunes, relying on the state's own seemingly limitless fortune of natural resources, favorable climate, and economic opportunity. But now California's longstanding identity as the nation's leading innovator, wealth-builder, and aspirational locale is threatened. The state now projects a <u>record \$68 billion</u> <u>deficit</u> in the next fiscal year, thanks to a 25 percent drop in personal income-tax collection in 2023; the state's <u>Legislative Analyst's Office</u> predicts continued operating deficits through 2028. But California is plagued by even more foundational problems. The state has become increasingly uncompetitive and <u>unequal</u>, losing both critical business and human assets at an astounding pace.

California's economic and fiscal crisis comes as Democratic Party insiders and pundits seek to elevate the state's governor, Gavin Newsom, as the Democratic Party's presidential heir apparent. Washington Democratic media commentators such as <u>Al Hunt</u> and <u>Douglas Schoen</u> see Newsom as preferable to doddering Joe Biden. They seem oblivious to the economic realities in the Golden State.

During his nationally televised <u>debate with Florida governor Ron DeSantis</u>, Newsom boasted that his state's economy is "booming" and leads the nation. "California has no peers," Newsom declared. "California dominates." Even the administration's usual supporters, such as <u>the Los</u> **Angeles Times**, found these claims dubious, given the state's <u>rising unemployment</u>, declining number of high-wage jobs, soaring housing costs (<u>not one California metro</u> boasts housing prices below the national average), and onerous regulatory regime.

The state is in a demographic free fall. The <u>Census found</u> that California lost a net total of 1.7 million people from domestic migration between 2016 and 2022. The populations of Los Angeles and Orange counties shrank between 2020 and July 2022, the Census found; those counties are even hemorrhaging <u>foreign-born</u> residents, a trend that started over <u>the past decade</u>. Looking ahead, the state's <u>Department of Finance</u> predicts no population growth to 2060 and a reduction of well over a million people for L.A. County.

California's tax policies are costing the state both residents and political power. According to the latest Census data, California's population dropped by 342,000 between 2021 and 2022. In that time, 102,000 Californians moved to Texas, and 42,000 Texans moved to California—a net gain of 60,000 for the Lone Star State, which has no income tax, and an equivalent net loss for the Golden State, where the top rate hits 13.3 percent. In 2020, California lost a congressional seat for the first time. If current trends persist, it could lose another four or five by 2030.

What matters is not only how many people leave but **who** is fleeing. For years, the conventional wisdom held that the departees were holdovers from the Reagan era or poor people, lacking the education to make it in the world's most sophisticated economy. Today's trend, as a Public Policy Institute of California study reveals, undercuts that view: the rate of outmigration by Californians with a college degree has <u>risen sharply since 2019</u>, reversing a trend of net inmigration that characterized the state since 2011. By comparison, according to an analysis of Census data by Brookings Institution demographer <u>William Frey</u>, an average of only 175,000 college graduates from other states are settling in California each year.

These shifts impose economic costs. According to IRS data, analyzed by <u>economic forecaster</u> <u>Jim Doti</u>, the inflow of new domestic migrants to California making \$200,000 or more brought an adjusted gross income (AGI) of \$7.3 billion in 2018, while the outflow of migrants from California to other states in this income bracket constituted an AGI of \$13 billion. These trends are getting worse; the net outflow of high-income earners and taxpayers swelled to \$9.9 billion in 2019, to \$13.7 billion in 2020, and to \$20.4 billion in 2021.

California faces a significant income gap between those coming into the state and those going out. Many high-earning former residents are heading for <u>Florida</u>, which has become a Top Five destination for emigrating Californians. Statistics show more <u>older Californians</u>, often with houses to sell, are likely to move to Florida, where—like Texas, Nevada, and <u>Tennessee</u>, each seeing some migration from California—residents pay no <u>personal income tax</u>.

The state's leaders should see these trends as warning signs, but they don't seem motivated to change their tax policies. Long-time observer Dan Walters, from the nonpartisan group Cal Matters, <u>rightly credits California's deficit</u> to Governor Newsom and the one-party, free-spending legislature's refusal to face reality over the past decade. Walters added that, in the past, "then-Gov. Arnold Schwarzenegger and legislative leaders created a commission to suggest remedies," which "<u>recommended the state reduce its dependence on income taxes</u> and shift to a revised form of sales tax." That report was buried, Walters notes, "as soon as it reached the Legislature." Policymakers assumed that California's tech and real estate wealth could always fund even the most expansive welfare state. Yet, as the source of that wealth departs in growing numbers, it's unclear how this current deficit will be remedied: the state's "rainy day fund" and special school reserves add up to only \$32 billion. That figure sounds impressive, but it covers less than half the current deficit.

Taxes are certainly a factor in California's decline, but an arguably bigger problem is its Kafkaesque regulatory environment. The <u>Mercatus Center</u> ranks California as having the highest number of business-impacting regulations in the country. California's number of regulatory restrictions (about 396,000) is well above that of other large states like Texas (about 227,000). This matters in part because, as a 2021 **Chief Executive** poll found, CEOs rank regulatory climate among their top concerns in deciding where to locate their businesses.

California's expansive regulatory regime is largely the result of its climate-change policies, which have helped create <u>the highest energy prices</u> in America. High electricity costs and

draconian regulations have reduced potential employment in key blue-collar industries such as logistics, manufacturing, and home construction. This, in turn, as prominent land-use lawyer <u>Jennifer Hernandez</u> has noted, has functioned as something of a "green Jim Crow" by greatly reducing opportunities for working-class minority Californians.

Climate regulations, Hernandez argues, also make houses more expensive. The notorious California Environmental Quality Act (CEQA) requires developers to undergo a multiyear public process to assess the environmental impact of almost every new project. Under CEQA's terms, any party can object and appeal an approved outcome for virtually any reason. The effect: stopping almost all major development in the state. The Tejon Ranch project, which would have developed more than 50,000 homes in a rural section of northern Los Angeles County, for example, has been enmeshed in legal wrangling for more than two decades. After the project's leaders made multiple changes to their master plan, a California judge rejected even its scaled-down plan to build one-third of those much-needed homes, citing the need to protect the area's biodiversity. Thanks to these and similar policies and court decisions, California has the least-affordable housing of any state in the country, according to Demographia, which maintains a long-standing database for every major city in the world. Its 2023 rankings identified housing markets in Los Angeles, San Jose, San Francisco, and San Diego as the four most expensive in the United States.

The punishingly litigious climate enabled by CEQA is partially why companies and developers are looking out of state, particularly when they want to expand operations or build a new project. Joseph Vranich and Lee Ohanian, in a <u>Hoover Institution</u> report released last year, observed that in 2020, California had only one-seventh the number of company-initiated capital projects than did the leading state, Texas. Additionally, from 2018 to 2021, 352 companies headquartered in California moved their headquarters out.

When companies choose to build outside of California, people and wealth move with them. While four of the highest-valued tech firms—Meta, Google, Apple, and Nvidia—remain in California, generating enormous wealth, the state has seen a slow but steady erosion of its tech edge. Chapman University, in partnership with UC Irvine, created an Advanced Industries Index that compares employment and company- and wage-growth rates in 50 technology-driven industries in metro markets across the country. The researchers found that, since 2005, California has seen its <u>share of the nation's advanced-industry jobs stagnate</u>. The Golden State has steadily held about 19 percent of the nation's advanced-industry jobs since 2005, while lower-income-tax states have seen their percentage of the country's jobs in advanced industries rise from 25 percent to 30 percent over the same period.

These failures reflect poorly on Gavin Newsom's leadership. While East Coast reporters hail him as the next savior of the Democratic Party, Newsom, not surprisingly, finds himself <u>increasingly</u> <u>unpopular</u> with California voters. As his "no peers" economy boast rings increasingly hollow, Newsom likely will place greater emphasis on red-meat progressive issues, such as <u>transgenderism</u>, <u>abortion</u>, and <u>Donald Trump</u>. Humility would be a better path. Rather than trumpet his supposed successes, Newsom needs to face up to the results of his policies and address the record deficit that has turned California's very large fortune into a much smaller one.

Marshall Toplansky is the Innovation Professor at Chapman University's Argyros College of Business and Economics. Joel Kotkin is a presidential fellow in urban futures at Chapman University and the author, most recently, of <u>The Coming of Neo-feudalism</u>: A Warning to the <u>Global Middle Class</u>.

A CULTURE IN COLLAPSE

We have a rendezvous soon with the once unthinkable and unimaginable BY VICTOR DAVIS HANSON

In the last six months, we have borne witness too many iconic moments evidencing the collapse of American culture.

The signs are everywhere and cover the gamut of politics, the economy, education, social life, popular culture, foreign policy, and the military. These symptoms of decay share common themes.

Our descent is self-induced; it is not a symptom of a foreign attack or subterfuge. Our erosion is not the result of poverty and want, but of leisure and excess. We are not suffering from existential crises of famine, plague, or the collapse of our grid and fuel sources. Prior, far poorer, and war-torn generations now seem far better off than what we are becoming.

What is happening to us is not due to an adherence to a too strict conservative tradition but is almost exclusively the wage of the progressive project.

In short, we are seeing fissures that America has not experienced in our cultural history since the Civil War. The radical Left apparently feels such chaos, anarchy, and nihilism are necessary to topple past norms and customs and thereby adhere to a socialist, equity agenda that no one in normal times would stomach.

Some of the decay is existential and fundamental; some anecdotal and illustrative. But either way, while decline came about gradually over decades, its sudden and abrupt chaos during the three years of Biden's presidency has shocked Americans.

Financial Implosion

As long as interest rates were de facto zero, both parties ran up gargantuan debt. Now the national debt has hit \$34 trillion. But two odd things have also happened under the Biden administration that are beginning to undermine the very existence of the U.S. financial system:

1) Interest rates have soared from de facto zero and are on a trajectory to 5.5%—meaning that the interest on the debt, in theory, in the not too distant future will require 20 percent of the annual budget, squeezing out both entitlements and defense.

2) Yet the upcoming rendezvous with economic Armageddon has not slowed Biden administration intent on borrowing nearly \$2 trillion in the current fiscal year.

The public is baffled: is the Left playing chicken with us? Is the strategy to "gorge the beast," thereby demanding even higher federal taxes, which, combined with many state taxes, now exceed 50 percent of one's income?

Is the goal massive "redistribution" by ensuring "equity" by gouging the middle class and rich? Or is the left's goal more nihilistic: to force a remedy for insolvency by ensuring high inflation, renouncing government debt, or government appropriation of private capital?

Military Crises

Americans have lost deterrence abroad.

Confusion reigns among the public over why the Biden administration fled from Afghanistan, leaving behind billions of dollars of munitions and equipment in the hands of Taliban terrorists. Why did it allow a Chinese spy balloon to traverse the continental U.S. with impunity?

And why did Biden signal to Russia when preparing an invasion of Ukraine that our reaction would depend on the magnitude of Putin's offensive? Why has military recruitment cratered, shorting the Pentagon of thousands of soldiers?

Why do Iranian proxies attack almost daily U.S. installations abroad and ships in the Red Sea, apparently without fear of reprisal? Why did Hamas slaughter Israelis on October 7? What explains our indifference or ennui?

Is the answer a deliberate effort to curb supposed American "arrogance" by once more leading from behind? Are we rebooting the Obama Administration's bankrupt idea of empowering an Iranian crescent from Teheran to Damascus to Beirut to Gaza to ensure "creative tension" between Israel and the moderate Arabs and Persian-led theocratic Shiites?

Why do our officer classes rotate in and out of lucrative military consultantships, lobbying billets, and board membership on corporate defense contractors—as if their innate talents rather than their lifelong contacts with current serving procurement officers earned their exorbitant fees?

Why did our retired four stars with disdain violate the uniform code of military justice by serially and publicly trashing the commander in chief? Why has the Pentagon revolutionized the entire system of recruitment, promotions, and tenure in the armed forces by predicating them in large part on race, gender, and sexual orientation rather than merit or battlefield efficacy? Did we learn anything from the old Soviet commissariat system? Would we prefer to lose a war by promoting equity than win one by ensuring liberty?

Why did the top brass go after supposedly "insurrectionist" white males (who died at twice their demographics during combat in Iraq and Afghanistan) in the military, only to discover from their own internal investigations that no such cabal of "domestic terrorists" existed, and only to drive out thousands more of the maligned by stupidly requiring COVID vaccinations from those with naturally acquired immunity?

In sum, the U.S. will either undergo a post-Vietnam-like revolution in the military or, in late Roman imperial fashion, our armed forces will be unable to defend the interests or indeed, the very safety, of the U.S.

Race

Why, when so-called non-white ethnicities and races were achieving parity with or exceeding the majority population in per capita income and when racial intermarriage was commonplace, did we blow up the values of the civil rights movement and revert to precivilizational tribalism? Who were the sophists who convinced us that racially segregated dorms, safe spaces, and graduations, or using race as an arbiter of admissions and hiring, were not racist?

When did we lump together an entire cadre of diverse ancestries, ethnicities, religions, politics, classes, and values and dub them all "white," and then smear them collectively in stereotypical fashion? When did we calibrate race as the chief determinative factor in our identities? Have we become premodern tribal people—feuding clans right out of the Norse sagas, ghosts of the Balkans nursing ancient grievances and hatreds? Since when in history has a nation's "diversity" ever been preferable to its "unity"?

The Sexes

Did anyone in, say, 2004 believe that in just twenty years, the Left would try to mainstream the previously rare medical malady of gender dysphoria into a transgendered civil rights issue by insisting on three rather than two sexes?

Would anyone have believed that leftists, gays, and feminists would have done their best to destroy a half-century of female athletic achievement by allowing biological males to compete in women's sports and thereby erase the record performances of three generations of women?

Would anyone have believed that a feminist and accomplished swimmer like Riley Gaines would be cornered, swarmed, threatened, and barricaded in at a university for the crime of daring to state the obvious: that transgendered women are still, in terms of their musculoskeletal physiques and frames, males and thereby have no business competing in women's sports?

Would anyone have believed that a gay senate aide would have engaged in passive, unprotected sex in a public and hallowed Senate chamber, filmed in graphic detail his act of sodomy, had it circulated among friends and social media, and then, when outrage followed, claimed victimhood by accusing those offended of being homophobic toward him and his active homosexual partner?

Lawlessness

We are witnessing the steady erasure of jurisprudence, both civil and criminal. Does the law as we knew it a mere decade ago still exist? Massive looting with impunity is now largely exempt from justice in our major blue-state cities. In Compton, a van slams into a Mexican bakery as waiting crowds swarm, loot, and destroy the business. And for what? Some free pies and cakes? Or the nihilist delight in ruining the livelihood of a hardworking family business?

Such smash-and-grabs rob stores of billions of dollars in revenue each year. Can we even comprehend that employees and security guards are now ordered to stand down, as if the apprehension of such thieves might in some way seem illiberal or racist?

Does anyone even care that pro-Hamas protestors—many in America as guests on green cards and student visas—shouted support for the October 7 massacre of Jews, screamed for the destruction of Israel and the Jews in it, shut down the Manhattan and Golden Gate Bridges, defiled the Lincoln Memorial and White House gates, and disrupted Christmas celebrations in our major cities with complete exemption? Is storming the California legislature, and disrupting it in session, now a felony in the manner of those convicted after January 6, or do we have two sets of laws, dependent on ideology, race, and party affiliation?

In one of the most chilling videos in memory, Las Vegas Clark County District Court Judge Mary Kay Holthus was recently violently attacked by an unshackled career felon defendant (with three prior violent felony convictions and facing additional new felony counts). The assailant, Deobra Redden, leaped over the justice's bench with ease and began beating her and pulling her hair before two bailiffs, with great difficulty, managed to restrain him. Why was Redden out on parole given his violent record, and why was he not shackled given his toxic past? His selfadmitted effort to kill the judge, his ability nearly to pull it off, and the record of past leniency accorded him are a commentary on a sick society.

But then again, in our major cities, George-Soros-subsidized prosecutors have all but destroyed civil society. They have been systematically releasing felons with violent criminal records on the same day they are arrested, freeing convicted felons early from prisons and jails, and sabotaging the law by arbitrary enforcement on the grounds that it is inherently either unfair or racist.

The post civilization civil bookend to that precivilizational subterfuge was a systematic legal effort, for the first time in American history, to remove in an election year the leading primary and general election candidate Donald Trump from various state ballots. The Soviet-like charge was that he was guilty of "insurrection," a crime he has never been charged with, much less convicted of. Meanwhile, three state prosecutors and one special federal counsel—all leftists and some previously bragging in their own election campaigns of their intention to destroy Trump— have charged candidate Trump with an array of felonies. The vast majority of Americans agree Trump would never have been so charged had he just not sought to seek reelection—or had been a liberal Democrat.

Education

In ancient times, the President of the Harvard Corporation was a signature scholar and intellectual, befitting Harvard's own self-regard as the world's most preeminent university. No longer.

Now-resigned president Coleen Gay's meteoric career was based on a flimsy record of a mere 11 articles—the majority of them plagiarized. Her entire career was fueled by the tired pretext that the privileged Gay was somehow deserving of special deference given her race and gender.

Confronted with such corruption, the Harvard Corporation, its legal team, and 700 faculty sought to downplay Gay's intellectual theft. Indeed, they smeared her critics as racist—only then to deal with her new billet as a professor of Political Science with a long record of plagiarism that was exempt from the sort of punishments dealt out to students and faculty for less egregious defenses.

How did Ivy League degrees so quickly become mostly certifications of ideological and woke orthodoxy? Or is it worse than that? Does a Stanford history major or Yale literature graduate know anything, respectively, about the Civil War or Shakespeare's plays? Do they even know that we, the public, know that they don't know?

Was Elizabeth Warren really Harvard's first law professor of color? Was Claudine Gay truly an impressive and respected scholar of political science? Are the governing members of the Harvard Corporation the nation's best and brightest?

How in less than five years did our elite universities destroy meritocracy, abolish SAT requirements, require DEI oaths and pledges, and mirror the worst commissariat institutions of the old Warsaw Pact nations and Soviet Union? How and why these elite universities blew themselves up in a mere decade will baffle historians for decades to come.

The End of Sovereignty

The Biden administration has shattered federal immigration law, as some 10 million illegal entries will have crossed unlawfully and with impunity in the first Biden term—all by intent. The southern border is not merely porous; it no longer even exists.

Did the Left want new constituents? New entitlement recipients to grow government and raise taxes on the clingers and deplorables?

Did it want a larger DEI base to replace the steady exodus of non-whites from left-wing agendas? Does it shun sovereignty, preferring a global village without arbitrary borders? Do these utopians in Malibu and Martha's Vineyard similarly feel their own yards and grounds need no walls, no barriers, and no boundaries to deny the underprivileged their rights to enjoy what the predatory classes possess?

In this new America of ours, Joe Biden is hale and savvy, while Hunter did nothing wrong. Our heroes are Dylan Mulvaney, Gen. Rachel Levine, and the two Sams, Bankman-Fried and Brinton.

In today's America, Karin Jean-Pierre is truthful, while Alejandro Mayorkas is honest. An innocent and saintly George Floyd was randomly murdered; his death proof of systemic police racism. And defunding the police brought calm and quiet, in the way our border is secure and the homeless are mere victims.

Dr. Jill is an impressive academic. Oprah and LeBron are the downtrodden and victimized. Gen. Mark Milley is a brave maverick, and so is Adam Schiff. The flight from Afghanistan marked a brilliantly organized retreat.

The Chinese balloon really did not take too many pictures of sensitive areas. January 6 was an armed insurrection, preplanned by fiery conspirators and revolutionaries. Ashli Babbitt deserved to be blasted in the neck for entering a broken window.

Kamala Harris is a wordsmith. Russian collusion really happened. So did Russian laptop disinformation. Christopher Steele's dossier was mostly true, in the fashion of Claudine Gay's dissertation and Barack Obama's memoir. And 51 former intelligence authorities bravely came forward to offer their expertise in certifying that Hunter's laptop was cooked up in Moscow.

With all this, what do we think the Iranians, Putin's Russians, the communist Chinese, the Houthis, Hezbollah, and Hamas now think of the United States?

That we are the nation that won World War II or fled from Afghanistan? Did the eight million who broke our laws and simply walked across our border respect us, fear us, admire us, or come here to manipulate and use us? Did Hamas appreciate the hundreds of millions of dollars we gave them, in the same way Iran was friendlier after we lifted the sanctions?

In sum, American civilization has been turned upside down, and we have a rendezvous soon with the once unthinkable and unimaginable.

Victor Davis Hanson is a distinguished fellow of the Center for American Greatness and the Martin and Illie Anderson Senior Fellow at Stanford University's Hoover Institution. He is an American military historian, columnist, a former classics professor, and scholar of ancient warfare. He has been a visiting professor at Hillsdale College since 2004, and is the 2023 Giles O'Malley Distinguished Visiting Professor at the School of Public Policy, Pepperdine University. Hanson was awarded the National Humanities Medal in 2007 by President George W. Bush, and the Bradley Prize in 2008. Hanson is also a farmer (growing almonds on a family farm in Selma, California) and a critic of social trends related to farming and agrarianism. He is the author most recently of The Second World Wars: How the First Global Conflict Was Fought and Won, The Case for Trump and the recently released The Dying Citizen, and the forthcoming The End of Everything (May 7, 2024)...



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