

State of California

HIGHLIGHTS OF THE LEGISLATIVE
ACCOMPLISHMENTS OF 1994

September 1994

A Summary of Significant Legislation that Reached
the Governor's Desk

By the California Senate Office of Research
Elisabeth Kersten, Director

Project Team:
Kim Connor
Rodger Dillon
Jack Hailey
Peter Hansel
Ken Hurdle
Rebecca LaVally
Melinda Melendez
Steve Sanders
Kate Sproul
Nick Vucinich

Table of Contents

Introduction	i
State Budget	1
Children's Services	5
Civil Rights/Women's Issues	9
Consumers	13
Crime	15
Defense Conversion	27
Domestic Violence	33
Economic Competition	37
Education K-12	41
Higher Education	53
Election/Campaign Reform	57
Environment	63
Family Law	75
Health	79
Infrastructure	93
Immigration	97
Insurance	101
Labor Employment and Employment Training	103
Local Government and Housing	109
Natural Resources	115
Northridge Earthquake	119
Welfare	121

INTRODUCTION

The Legislature in 1994 broke new ground on numerous fronts.

It sent Governor Pete Wilson a campaign-reform measure that would combine contribution and spending limits with some public funding in an effort to curb the role of special-interest money in legislative campaigns.

If voters in the March 1996 primary election agree to the system, taxpayers could use a voluntary check-off to designate \$5, or \$10 in the case of joint filers, to create a fund for future legislative races. Formulas governing distribution of the money would encourage small contributions to publicly financed candidates, and candidates who faced wealthy, high-spending opponents would receive additional assistance.

The Legislature put particular focus in 1994 on violent crime and the criminal-justice system.

Lawmakers passed, and the governor signed, a three strikes and you're out anti-crime measure to send third-time felons to prison for life if their prior convictions were for

serious or violent felonies. A virtually identical citizens initiative qualified for the November 1994 general election ballot as Proposition 184.

A follow-up one-strike bill could impose life sentences for forcible sex offenses associated with burglaries, kidnappings, multiple victims, use of deadly weapons, or that involve binding or drugging victims.

Parents would be able to call a 900 number to learn the names of convicted, registered child molesters who, having served out their sentences, may now live or work in local communities.

Responding to developments in the O.J. Simpson case, the Legislature agreed to prohibit criminal witnesses from profiting from the sale of information about a crime.

Car owners, if previously convicted of driving without licenses or with suspended licenses, would have to surrender their vehicles permanently to the state if they were caught driving without licenses again.

Concerns over the effectiveness of the states system of disciplining wayward judges led to a proposed state constitutional amendment, which will appear on the November 1994 ballot as Proposition 190, to expand independent oversight of the process and open disciplinary hearings to the public.

Other legislation addressed conditions in the workplace, the marketplace and on the home front.

Employers could not forbid women to wear pants to work, and hairdressers would be warned prices for mens and womens services could not be based solely on gender, under Senate legislation. The bill would make such pricing or other business discrimination punishable by a \$1,000 fine. An Assembly version specifically outlaws gender-based pricing, which studies have suggested can occur in dry cleaning, clothing alterations and other services.

Lovers will no longer have to part with their blood to be wed, ending a 55-year history of disease testing that had become ineffective and obsolete.

The Legislature also voted to create the first Domestic Partners Registry to pave the way for new privileges and rights -- such as hospital visitations and conservatorships -- for an estimated 500,000 California couples who live together but are unmarried.

As in past years, education was an important topic of legislation. Voters, however, defeated bond measures,

placed on the June ballot by the Legislature, to build or improve facilities at public schools, colleges and universities.

The California Learning Assessment System (CLAS), a controversial performance-based student-testing program that has relied heavily on essays, would be revamped to prohibit questions of a personal or moral nature and provide more independent and parental oversight over test questions. Parents would have the option of declining to have their youngsters take the test.

A new law will permit public schools to require students to wear uniforms, with some exceptions.

The late Cesar Chavez, founder of the United Farm Workers union, would be honored with a holiday on his birthday, March 31. Schools would commemorate the occasion by offering instruction on the farm labor movement.

On the environmental front, a decades-old clash between environmentalists and the oil industry culminated in a ban on new offshore oil drilling along 840 miles of Californias coastline in the state-controlled waters that extend three miles from shore.

Smoking would be forbidden in enclosed workplaces, with some limited exemptions, under one of the nations toughest anti-smoking laws, signed by Wilson and set to take effect January 1, 1995. However, Proposition 188, an initiative on the November 1994 ballot backed by tobacco giant Philip Morris, would ease those restrictions and prohibit local jurisdictions from adopting tougher measures.

Also signed by Wilson was legislation to outlaw tripping or felling horses for entertainment or sport, punishable by fines up to \$1,000. Under separate legislation, livestock too injured or ill to walk could not be bought or sold by slaughterhouses.

This document highlights these and hundreds of other significant measures approved in 1994, the second year of the two-year legislative session that recessed on August 31.

Many of the bills described here were sent to the governor in the last 10 days of the session, and he has until September 30 to act on them.

1994-1995 STATE BUDGET

The Legislature passed and Governor Wilson signed the state budget for 1994-95, along with about 20 trailer bills --

bills that either made statutory changes necessary for the budgets appropriations to work or made changes necessary to garner the votes needed to pass the budget.

The budget itself gives spending authority for \$40.9 billion from the General Fund and \$16.6 billion in special funds, federal funds, and bond funds. The 1994-95 budget bill is SB 2120 (Senate Budget and Fiscal Review).

The budget and its trailer bills close an estimated \$4.6 billion shortfall between projected revenues and public spending needs in California. Legislative Analyst Elizabeth Hill describes these actions as a combination of shifting \$1.5 billion in costs to local government, savings to the General Fund of \$1.1 billion through program reductions (most with commensurate losses in matching federal funds), a rollover of \$1 billion into the next budget year, increased resources from a court victory and from improved tax collection processes (\$600 million), and accounting changes (\$400 million).

To balance the budget, per-pupil expenditures stay the same as last year in K-12 classrooms, fees will go up for students in higher education and welfare grants may go down. Prison expenditures will increase.

The trailer bills, among other things, did the following:

Crime and Corrections

Instituted charges to inmates for some incarceration and medical care costs. AB 113 (Andal). Instituted charges to inmates for some incarceration and medical care costs. AB 113 (Andal).

Provided additional appropriations for domestic violence shelters and for the prosecution of domestic violence. AB 167 (B. Friedman). Provided additional appropriations for domestic violence shelters and for the prosecution of domestic violence. AB 167 (B. Friedman).

Welfare

Made changes in Aid to Families with Dependent Children (AFDC welfare grants), including a 2.3 percent reduction in maximum family grants, which the courts may invalidate. SB 473 (Brulte and Snyder) and AB 836 (Pringle and Goldsmith). Made changes in Aid to Families with Dependent Children (AFDC welfare grants), including a 2.3 percent reduction in maximum family grants, which the courts may invalidate. SB 473 (Brulte and Snyder) and AB 836 (Pringle and Goldsmith).

Cut the State Supplementary Program (SSI/SSP) for aged, blind, and disabled individuals by 2.3 percent. Cut the State Supplementary Program (SSI/SSP) for aged, blind, and disabled individuals by 2.3 percent.

Eliminated the county share of cost for development and the first 12 months of implementation of the new computerized welfare case tracking system, SAWS. Eliminated the county share of cost for development and the first 12 months of implementation of the new computerized welfare case tracking system, SAWS.

Extended transitional child care and Medi-Cal benefits to persons leaving AFDC because of marriage. Extended transitional child care and Medi-Cal benefits to persons leaving AFDC because of marriage.

Placed a two-year time limit on AFDC. Placed a two-year time limit on AFDC.

Froze cost-of-living increases for foster care group homes for two more years. Froze cost-of-living increases for foster care group homes for two more years.

Anticipated federal changes in the financial responsibilities of sponsors of immigrants. Anticipated federal changes in the financial responsibilities of sponsors of immigrants.

HealthHealth

Redirected some Proposition 99 tobacco-tax funds. AB 816 (Isenberg). Redirected some Proposition 99 tobacco-tax funds. AB 816 (Isenberg).

Made changes in Medi-Cal coverage for tuberculosis treatment, in pharmacy dispensing fees, and in limits on monthly pharmacy prescriptions, among others. AB 2377 (Hannigan). Made changes in Medi-Cal coverage for tuberculosis treatment, in pharmacy dispensing fees, and in limits on monthly pharmacy prescriptions, among others. AB 2377 (Hannigan).

Local Government FinanceLocal Government Finance

Clarified county collection and transfer to school districts of some property tax funds. AB 860

(Pringle). Clarified county collection and transfer to school districts of some property tax funds. AB 860 (Pringle).

Made other changes in local government and special district tax sharing, in roundabout provisions, and in Education Revenue Augmentation Fund allocations.

Education

Captured savings due to rate reductions in the Public Employees Retirement System. AB 2480 (Vasconcellos).
Captured savings due to rate reductions in the Public Employees Retirement System. AB 2480 (Vasconcellos).

Replaced a 1993-94 property tax shortfall for community colleges. AB 973 (Bornstein).
Replaced a 1993-94 property tax shortfall for community colleges. AB 973 (Bornstein).

Cash Flow, Borrowing, and Budget Trigger

Established a mechanism for across-the-board budget reductions if the states cash flow falls below specified amounts during the next two years. SB 1230 (Senate Budget and Fiscal Review).
Established a mechanism for across-the-board budget reductions if the states cash flow falls below specified amounts during the next two years. SB 1230 (Senate Budget and Fiscal Review).

Expanded current borrowing authority for the General Fund from the Transportation Planning and Development Account and the Cigarette Surtax Fund (Proposition 99). SB 2123 (Senate Budget and Fiscal Review).
Expanded current borrowing authority for the General Fund from the Transportation Planning and Development Account and the Cigarette Surtax Fund (Proposition 99). SB 2123 (Senate Budget and Fiscal Review).

Lifted the interest rate cap of 5 percent on the obligation to repay financial institutions. Lifted the interest rate cap of 5 percent on the obligation to repay financial institutions.

Renters' Tax Credit

Suspended for one year the renters tax credit. AB 2389 (Assembly Ways and Means).
Suspended for one year the renters tax credit. AB 2389 (Assembly Ways and Means).

For more information on policies within trailer bills, see individual sections of this Legislative Accomplishments document and see the Legislative Analysts FOCUS -- Budget 1994, dated July 13, 1994.

RAWs, RANs, and the Trigger

For the past several years, the state has been paying its bills through extensive borrowing and end-of-the-year deficits. Short-term borrowing has included the issuance of Revenue Anticipation Notes (RANs), which are paid off in the same fiscal year. Long-term borrowing has included the issuance of Revenue Anticipation Warrants (RAWs), which are paid off one or two years later.

Essential parts of the 1994-95 budget are the rollover of a deficit into the new fiscal year and meeting the states immediate cash need through long- and short-term borrowing (RAWs and RANs). For both the rollover and new borrowing,

not only were the usual votes in the Legislature and the governors signature needed, but so were the participation of lending institutions and the state controllers approval of the plan.

The agreement that satisfied all parties, reached early in July, included higher fees for the lending institutions and a mechanism to ensure that the state has no deficit on the external books by the end of 1995-96. This assurance is codified in two ways: in legislation allowing the General Fund to borrow internally from two of the states large special funds (from the gas tax and the cigarette tax) and legislation establishing a trigger," SB 2123 and SB 1230 (Senate Budget and Fiscal Review). The trigger is a creation unique in California fiscal history. On prescribed dates during the 1994-95 and 1995-96 fiscal years, the controller, using data supplied by the Department of Finance and reviewed by the Legislative Analysts Office, will project the states cash condition for the end of the fiscal year in question. During 1994-95, the controller's projection will be for June 30, 1995; during 1995-96, it will be for the end of that fiscal year.

If the projection shows a cash shortfall greater than certain internal borrowing capacities, then the Legislature and the governor must act within about one months time to close the cash gap or across-the-board cuts will take place.

The triggers features are unique on several counts. By focusing on the states cash condition, it elevates to great importance a figure that has usually played a minor role on the ledger sheet. By depending on projections, the

legislation puts its faith in the art of forecasting. As recently as two years ago, the Department of Finances projection for Californias cash condition at the end of that fiscal year was off by about \$1.5 billion. The controllers office has given assurances it has new mechanisms in place to evaluate more precisely the data provided by the Department of Finance, so that another error of significant magnitude would be identified quickly.

To the hypothetical question, had the trigger been legislated two years ago, would it have fired off in either 1992-93 or 1993-94, there is no definitive answer. Mistaken projections in 1992-93, uncaught, would have kept the safety on the trigger during that year. In 1993-94, the state sold RAWs. Without that borrowing, and without other changes in expenditures and revenues, a similar trigger might have forced across the board cuts.

Another way to state the meaning of the trigger is that it may force a different budget in 1995-96. While the trigger legislation does not prohibit the sale of new RAWs, investors may impose additional conditions if California were to decide to sell such notes. So, if budget negotiations preclude the sale of RAWs that fall due after June 30, 1996 -- to ensure that no deficit rolls over into 1996-97, beyond internal indebtedness to special funds -- then the building of a budget for 1996-97 during the spring of 1996 will be a difficult if not taxing enterprise. The trigger legislation adds one more reason that the state's policy makers must continue to hope for the state's strong economic recovery.

CHILDRENS SERVICES

In the main, major changes in childrens services have been on hold for several years -- waiting for Californias recession to end, waiting for evaluations of important pilot programs, and waiting for reports due soon on the potential of reorganization.

In general, two closely-connected movements have dominated public policy discussions in childrens services for the past several years: the call for integrated, coordinated services and the provision of school-linked services.

Integrated, Coordinated Services

This thread of public policy has resulted in state laws that encourage county childrens services planning councils, that allow these councils to petition the state for the waiver of laws or regulations that impede coordination and collaboration, and that enable a handful of pilot counties to blend funds for childrens services. In 1994, AB 825

(Bates) extends wrap-around services in some counties piloting the blending of childrens services funds. The roots of these pieces of legislation are successful programs such as the AB 377 programs and the Ventura (county) model for integrated childrens services.

These efforts have also been boosted by the changes engendered by actions taken to resolve the 1991 budget impasse: a realignment of state and local responsibilities, particularly in the areas of child welfare and early mental health services, has resulted in fewer out-of-home placements of children and more out-patient mental health services.

In child care, following major federal increases and new funding streams created early in this decade, the focus has been on local planning councils and on finding ways to make it easier for low-income parents to move from funding source to funding source and for program managers to lower their administrative costs. This year, AB 827 (Bates) funds local planning activities in child care.

School-Linked Services

Healthy Start is the best known of the experimental projects using the school system and often the school site itself as the focal point for planning and delivering needed social, health, and educational services to children and families. In one more year, the initial Healthy Start grantees will complete their three-year projects; the Department of Education, the governors office, and legislative policy and budget committees will be able to judge the projects promised abilities to be self-supporting. An evaluation of the first year of Healthy Start activities, prepared by SRI International, became available this summer.

Other Childrens Services Issues

Child Care

Tax credits for businesses providing child care assistance to employees were extended this year. AB 3144 (Hannigan) extends the states employer tax credit for child care expenses, which is due to sunset this year. The states dependent care tax credit expired last year, with the governors veto of an urgency bill to extend it. This year, AB 26 (Klehs) would have reestablished it, with some changes, as a straight percentage of ones federal dependent care tax credit, with eligibility ending with incomes over \$100,000. This bill proved to be too expensive in a year of deficit financing, and it failed to reach the governor's desk.

Programs for school-age children received attention in

legislation by Senator Gary Hart and Assembly Member Juanita McDonald. SB 1678 recognizes that the staff requirements for recreation programs for 8- to 13- year- olds are different from those appropriate for staff of programs for children of kindergarten age and younger. AB 3367 establishes state outreach to local organizations wanting to extend or expand school-age care programs.

Grandparents raising their grandchildren received attention from the Legislature this year. AB 2879 (McDonald) gives relative caregivers eligibility for subsidized child care if it is needed for family preservation. Assistance to grandparents may become a more important issue in the next session as their numbers grow.

Finally, within welfare reform, part of the budget package in AB 836 (Goldsmith), extended Transitional Child Care benefits to individuals who leave AFDC due to marriage. This year-long provision of subsidized care had previously

been available only to persons who left AFDC due to increased employment earnings.

Childrens Services

In addition to encouraging local collaborative efforts, the Legislature passed AB 2917 (Speier) making the State Department of Education responsible for administration of the federal summer food program. The SDE must submit a management and administration plan to the United States Department of Agriculture, the previous program administrator.

AB 3364 (Bates) establishes a planning process for counties implementing the new federal Family Preservation and Support Act. There will be a balance of prevention and treatment activities. Other legislation promoted two areas for priority in local plans: SB 18 (Russell) underscores the need for home assessments for infants exposed to alcohol and other drugs and AB 3560 (B. Friedman) gives a focus to juveniles who are first-time offenders.

Welfare and Foster Care

As part of the budget compromise, again within AB 836 (Goldsmith), foster care group homes were limited in their rate increases and their ability to seek reclassification, which would enable a group home to serve children at a higher reimbursement rate. These limits on foster care rates have become a standard part of annual budget solutions.

SB 17 (Russell) directs social welfare workers to make additional efforts to keep siblings together when making foster care placements.

CIVIL RIGHTS/WOMENS ISSUES

Discrimination

1994 was not a trend setting year for legislation affecting discrimination in business, employment and housing; however, a few significant issues did emerge. Legislation prohibiting gender-based pricing and a proposed constitutional amendment barring discrimination and preferential treatment by the state in public employment, education or contracting grabbed the Legislatures and the publics attention.

Two bills prohibiting gender-based pricing passed in 1994:

SB 1288 (Calderon) increases the damages for discrimination by a business under the Unruh Civil Rights Act from \$250 to \$1,000. SB 1288 directs the Department of Consumer Affairs, by June 1, 1995, to provide notice of gender-based pricing prohibitions to the Board of Barbering and Cosmetology, to report to the Legislature on gender-based pricing matters before the various licensing boards, and to develop and make available consumer information on such discrimination.

SB 1288 also prohibits requiring women to wear dressess to work unless the employer has a good reason to require uniforms or some other "no pants" policy.

AB 2418 (Speier), also known as the Equal Pricing Act of 1994, creates a new provision in the Business and Professions Code specifically barring discrimination based on gender in the sale of goods or services. AB 2418 excludes from coverage Health and Safety Code provisions, Insurance Code provisions, and other laws that govern health care service plans or insurer underwriting or rating practices.

A constitutional amendment to dismantle affirmative action programs in Californias public employment and public schools was introduced as ACA 47 (Richter). This measure failed in

its first committee; however, the author vows to bring it back in statutory, rather than constitutional, form next year. Additionally, proponents of the measure are gathering signatures in an attempt to put it on the ballot in March 1996.

ACA 47 said the state and local government shall not use race, sex, color, ethnicity, or national origin as a criterion for either discriminating against, or granting

preferential treatment to, persons in public employment, public education or public contracting.

Domestic Relations

AB 2810 (Katz) creates a statewide registry for domestic partners in the Office of the Secretary of State. AB 2810 provides registered domestic partners are entitled to hospital visitation rights and conservatorship rights similar to those given married couples. Same sex and unmarried opposite sex couples are covered by the bill.

Hate Crimes

Hate crimes is the term used to describe incidents of violence which are motivated by bigotry. Groups that track ethnically motivated violence in California say hate violence is on the rise. For instance, the Lt. Governors Commission on the Prevention of Hate Violence found in 1993 that incidents of hate violence had risen substantially.

The California Legislature has a comprehensive statutory scheme addressing discriminatory violence which includes civil and criminal penalties for perpetrators, and remedies for victims of such violence. Despite these comprehensive laws, hate violence continues to rise. In response, legislators have introduced other measures such as cultural sensitivity education, police officer training, and statistical data collection of incidents of hate violence.

AB 2543 (Lee) enacts the "California Schools Hate Violence Reduction Act of 1995." AB 2543 requires the state Board of Education and the state Department of Education to develop elementary and high school programs aimed at reducing hate violence, if private funds are available for this purpose. School districts are not required, but they are encouraged, to implement these programs. AB 2543 also allows principals to suspend or expel students in grades four through twelve for hate violence conduct.

AB 2765 (Lee) establishes Alameda County's hate crimes programs, involving schools, community groups and law enforcement, as an example for other counties. The Alameda program may assist other cities to develop a model program similar to their own and is authorized to notify other counties if private funding is available for these purposes.

SB 2057 (Watson) seeks to appropriate funds in the Budget Act of 1995 for the reporting and collection on hate crimes statistics by the Department of Justice. Senator Watson authored legislation in 1989 which established a statewide system for recording hate crimes by the Department of Justice, but funding for this program was never appropriated.

Two other significant hate crimes bills are expected to be signed into law. They are SB 1595 (Marks) and AB 2521 (Napolitano).

SB 1595 expands existing law regarding enhanced prison sentences for hate crimes to apply to crimes committed because the offender perceives the victim to have one or more of the characteristics protected under the law (race, color, religion, disability, gender, or sexual orientation).

AB 2521 adds homelessness and immigration status to existing criminal hate crimes statutes, and increases the maximum fine from \$5,000 to \$10,000.

Sexual Harassment

In 1991, when Anita Hill spoke before the U.S. Senate Judiciary Committee regarding the confirmation of Clarence Thomas to the Supreme Court, the nation was torn over whether her charges of sexual harassment were valid. But almost everyone agreed sexual harassment is wrong. Since that time more and more people, mostly women, have come forward to seek a remedy for such behavior. Sexual harassment complaints have flooded the Department of Fair Employment and Housing and the courts in the last few years.

California's Fair Employment and Housing Act prohibits sexual harassment in employment. SB 612 (Hayden) builds on existing law by prohibiting sexual harassment that occurs as part of a business, service or professional relationship. These might include unwelcome sexual advances made by a physician to a patient or a landlord to a tenant. For a claimant to successfully prevail in court, he or she must show economic loss or personal injury; and he or she must prove terminating the relationship would have caused the claimant tangible hardship.

SB 1335 (Marks) amends the sexual harassment provision of the Fair Employment and Housing Act to clarify that sexual harassment includes unwelcome sexual conduct a reasonable person of the same gender as the claimant would find objectionable. In addition, SB 1335 amends existing law to more clearly define what constitutes sexual harassment.

Womens Health

Womens health issues have been at the top of the public policy agenda for the last few years. Legislation addressing breast cancer prevention, reproductive health and reducing violent acts against women are among the most high-profile issues.

The increased visibility of womens health issues grew out of the recognition that women were traditionally slighted in

medical research. For instance, leading heart research was done with only male research subjects, and then the resulting medical recommendations were applied to both men and women. In addition, more research dollars were spent on health problems more prevalent with men than on health problems more prevalent with women. These inequities fueled a push for more money for education and research for diseases such as breast cancer.

In 1993, the Governor established the Office of Womens Health in the state Department of Health Services. AB 2200 (Speier) makes the Office of Womens Health a permanent office within the Department of Health Services and creates an interagency task force on womens health to help develop a more comprehensive and effective approach to improving womens health problems.

For the estimated 3,000 California women injured by the intrauterine dalkon shield device and who are not among the 21,000 women that have already settled their liability claims, AB 2855 (Archie-Hudson) offers them a remedy for their product liability injuries. AB 2855 extends from one year to 15 years the statute of limitations for lawsuits arising from infertility and other injuries caused by the contraceptive device.

One womens health bill related to insurance coverage passed the Legislature in 1994: AB 2493 (Speier). AB 2493 requires health service plan contracts, non-profit hospital service plan contracts, and disability insurance policies to include obstetrician-gynecologists as primary care providers.

Lastly, legislation aimed at preventing intimidation and violence at health clinics passed the Legislature in 1994. AB 600 (Speier) allows individuals to bring a civil action for damages against the person who blocked their access to a health facility. And AB 3592 (Umberg) provides that any person who intentionally harasses the child or ward of any other person because of that persons employment is guilty of a misdemeanor.

CONSUMERS

The Legislature took a number of steps to protect consumers from unfair, fraudulent or misleading business practices.

It clarified current law with AB 2418 (Speier), that would prohibit businesses and professionals from discriminating on the basis of gender in setting prices for their goods and services. Examples of discriminatory prices culled by proponents from various studies included higher prices charged to women for dry cleaning, haircuts, clothing

alterations and a number of other services. The bill outlaws setting different prices for similar services based solely on gender.

SB 1288 (Calderon) prohibits employers from requiring women workers to wear dresses. It also increases the damages for discrimination by a business under the Unruh Civil Rights Act from \$250 to \$1,000. SB 1288 directs the Department of Consumer Affairs, by June 1, 1995, to provide notice of gender-based pricing prohibitions to barbers and hairdressers, and to develop and make available consumer information on such discrimination.

Regulations governing the use of restraints and seclusion in mental hospitals would have to take into account patients' safety and rights under SB 895 (McCorquodale).

In another area affecting consumers, AB 2513 (Bowen) was introduced in response to the overselling of tickets for the 1994 Rose Bowl. Under the bill, ticket sellers would be liable to those who contract to buy tickets to entertainment and sporting events if the seller fails to provide the tickets at the contract price. The seller would have to refund double the price and would be subject to a fine of five times the ticket amount.

Unethical notary public are blamed for defrauding homeowners and others of millions of dollars in property. Notary stamps may be used on forged property deeds to suggest they are legitimate, and that ownership of the property has been transferred.

SB 1516 (Hughes) seeks to address problems in notary procedures by creating a recovery fund, financed by a \$15 assessment on all notaries every four years, to assist those who suffer damages because of a notary's malfeasance. The aggrieved party would first have to obtain a court judgment against the notary and make sufficient efforts to reclaim the property.

Ads run by lawyers on radio and television would be more tightly controlled and include new consumer protections under SB 3659 (Horcher).

New money would be made available for preventing auto theft under SB 1743 (Lockyer), which would redistribute revenues generated by a current \$1 per-vehicle fee on auto insurance policies. The monies currently are used for investigating and prosecuting fraudulent auto insurance claims. Under the bill, 14 percent of the revenues would go to the California Highway Patrol to help combat auto thefts.

In the wake of the Northridge earthquake in January 1994, legislation, SB 634 (Craven), was enacted to require

restitution and increase the fines for defrauding victims of natural disasters in repairs to damaged property.

A related measure, AB 36X (Katz), prohibits businesses from price-gouging after the declaration of a state of emergency.

Lovers will get a break under AB 3128 (Speier), which ends a requirement that applicants for marriage licenses be tested for syphilis and, for females, rubella. The tests have cost about \$140 per couple and are seldom useful in screening for these diseases. Governor Wilson has signed the bill, which on January 1 will end the 55-year-old practice.

With the aim of protecting consumers from unscrupulous financial planners, SB 2052 (Killea) orders the California Research Bureau of the California State Library to identify business practices that may be detrimental to consumers and to analyze the regulations that govern those who advise clients on financial strategies.

Advertisements that offer free or discounted transportation or accommodations would have to include the total price of the package in large print, under AB 918 (Speier). Oral advertisements would have to include the total price before or after a description of the discounted travel or accommodations.

Most importantly, this bill creates a fund for consumers to recoup losses due to fraudulent practices.

CRIME

GENERAL CRIME

Asset Forfeiture

Over the last few years, the Legislature has been reviewing the impact and contents of the California asset forfeiture scheme. During this session a compromise was reached in AB 114 (Burton), Chapter 314, Statutes of 1994, between law enforcement, and those who perceived these statutes as draconian.

Among the provisions, this bill:

- Requires a criminal conviction before assets valued at less than \$25,000 may be forfeited;
- Requires a criminal conviction before assets valued at less than \$25,000 may be forfeited;
- Gives citizens 30 days rather than 10 to file a claim contesting the seizure of their assets;
- Gives citizens 30 days rather than 10 to file a claim contesting the seizure of their assets;

- Waives filing fees for property or cash valued at less than \$5,000; and
- Waives filing fees for property or cash valued at less than \$5,000; and
- Reduces the amount of the proceeds law enforcement may keep to 65 percent.
- Reduces the amount of the proceeds law enforcement may keep to 65 percent.

Other important provisions include banning the use of boats, airplanes, and personal property seized by law enforcement; the requiring of accounting procedures for seized property; and a showing that a third party or spouse had actual knowledge of, and consented to, the illegal activity before seizing jointly owned assets or community property.

Firearms

Each year a multitude of bills addressing firearm issues are presented to the Legislature.

SB 1308 (Peace) is the annual firearms bill which addresses a number of technical gun transfer issues, particularly as to handguns, that have been raised since the 1990 enactment of AB 497 (Connelly) and the 1991 enactment of AB 242 (Connelly). It also incorporates noncontroversial issues included within or that were brought to light by virtue of prior legislation. This bill continues the policy of having one omnibus bill in order to avoid a repeat of the chaptering problems of 1991.

Consistent with this policy, several similar measures were approved that were germane, particularly AB 2470 (Rainey) relating to intrafamilial handgun transfers, and AB 3410 (B. Friedman) relating to dealer licensing. AB 1333 (Gotch) requires the destruction of firearms confiscated by law enforcement agencies rather than selling the firearms at public auctions to licensed dealers.

Arson

More than 15 wildfires and countless structure fires have burned across California this year. Many of these fires have been of a suspicious nature. AB 2336 (Katz) creates the Arson Information Reporting System, a state wide computer system that will be used for reporting and tracking arson cases. The database will allow local fire and law enforcement officials and insurance agents to access information about serial arsonists, professional arson rings and insurance fraud schemes around the state.

Suspended Drivers Licenses

The Department of Motor Vehicles estimates that 75 percent of those with licenses suspended for drunk driving continue to drive and are involved in 15 percent of all fatal car accidents in the state. AB 3148 (Katz), the "Safe Streets Act of 1994," requires unlicensed drivers to forfeit their vehicles when caught driving illegally. SB 1758 (Kopp) makes it a crime to loan a vehicle to an unlicensed driver.

Public Law 101-516 enacted by Congress in 1990, requires each state to enact legislation requiring the suspension of the driving privilege for six months of any person convicted of a drug-related offense. As an alternative, the legislature and governor may resolve that the state does not wish to impose this sanction. The withholding of federal highway funds result from noncompliance with either option. California has not complied with either option resulting in a loss of \$54 million in federal fiscal year 1993-94 and 1994-95 and \$108 million annually thereafter.

AB 79X (Frazee) requires a one-year driver's license suspension for anyone convicted of a drug-related offense, even if the offense did not occur while driving. This law sunsets one year after enactment.

SENTENCING

Three Strikes

In March of this year, Governor Wilson signed into law Three Strikes and You're Out, AB 971 (Jones/Costa), Chapter 12, Statutes of 1994. This legislation was designed to address the rise of violent crime in California. It imposes lengthier sentences for those who commit felonies and have records of previous convictions on serious or violent felony charges. This is accomplished through the use of special sentencing rules for persons convicted of one or more prior serious or violent felonies; placing limits on good-time and work-time credits; allowing for certain juvenile judgments to be considered for the special sentencing provisions; and eliminating a washout that erased prior convictions after a period of time as a factor in setting new sentences.

Worktime Credits

Since the credit system has been in place, the Legislature has engaged in the practice of considering the potential for goodtime/worktime credit when enhancing existing penalties for felony offenses or when creating new crimes.

Recently, however, a great deal of attention has been paid to several celebrated instances of violent felons being paroled after serving only half of their sentence. Controversy regarding the system has grown proportionally with the corresponding public reproval.

Over 20 bills to reduce credits were proposed this year. Most bills reduced credits from the current 50 percent to 15 percent for repeat violent offenders, sex offenses, firearm offenses and spousal rape; 20 percent under three strikes, or credit only upon compliance with a treatment plan. Other bills allowed for no credit for violent felonies, sex offenses and three strikes inmates.

AB 2716 (Katz) provides that a person sentenced to state

prison for committing a violent felony will be limited to a maximum sentence credit of 15 percent.

Sexual Predators

Reacting to an alarmingly high frequency of violent sex crimes having been committed in California within recent years, and a compelling state interest to protect society from repeat sex offenders, the Legislature produced several bills.

Sentencing

There has been much public concern that the sentences of sex offenders are too lenient. Several bills address that concern.

SB 26X (Bergeson) seeks to ensure that serious and dangerous sex offenders receive a life sentence after their first strike.

SB 30X (Peace/Boland) imprisons for 15 years to life, perpetrators who commit sex offenses against children under the age of 14 years.

AB 1029 (Epple/Peace) provides for life in prison with no eligibility for parole for at least ten years for sex offenders.

AB 3707 (Boland) imprisons for 15 years to life, perpetrators who commit sex offenses against children under the age of 14 years, if the offender is at least 10 years older than the victim.

Tracking and Registration

Under current law a person is required to register as a sex offender. The inability of law enforcement to access information on parolees and sex offenders in a timely manner was accented in the case of Polly Klaas. Had law enforcement had such access, a tragedy may have been avoided.

SB 12X (Thompson) Chapter 6, Statutes of 1994, establishes the Violent Crime Information Net and the Violent Crime

Information System to assist law enforcement in the identification, tracking, apprehension and prosecution of sex offenders.

AB 2500 (Alby) requires the Department of Justice (DOJ) to continuously compile information regarding any person required to register as a sex offender and provide such information through a 900 number and a subdirectory available to county sheriffs and police departments. Upon an inquiry, the DOJ would be responsible for determining whether the person in question could reasonably be on the list and describe the specific offenses requiring registration. The address and additional criminal history would not be made available.

AB 152X (Polanco) requires that 15 days before the scheduled release date of a convicted sex offender, the CDC must provide specific information on the offender. This is designed to give law enforcement adequate time to prepare for the return of the offender to the community where he/she may have committed the crime.

Parole

During the year, several high profile violent offenders have been released back to the counties in which they committed their crimes, causing a great uproar in each instance. Others were placed in a county other than their county of commitment.

Under current law an inmate is to be returned to the county where the crime was committed unless it is in the best interest of the public and the parolee.

This year the Legislature passed several pieces of legislation that would clarify or expand the parole

provisions.

SB 1736 (Greene) requires an equitable distribution of parolees by proportioning the number of out-of-county commitments a county receives.

AB 3X (Baca) requires the CDC to give priority to the community's safety and any witnesses or victims in determining an out-of-county placement. In addition, the legislation requires the department to work with local law enforcement agencies in San Bernardino County regarding the impact of parolees to that county.

Incarceration of Illegal Aliens

The CDC houses nearly 16,000 illegal aliens serving time for felonies. Not only is this costly at \$20,000 per inmate, but since many are not fluent in English, it also creates added problems during the normal course of work. The

Legislature attempted to address these issues through a number of bills.

Sentencing of Aliens

SB 1314 (Johannessen) requires the CDC to identify and refer to the jurisdiction of the United States Attorney General undocumented aliens who are in our state prison system. The bill would only become effective upon the enactment of federal legislation requiring the United States government to imprison in the federal prison system any undocumented alien who is convicted of a felony under the laws of the state for the entire sentence imposed for that conviction.

AB 1874 (Polanco) requires the CDC and the CYA to transfer inmates or wards who are undocumented felons subject to deportation to the custody of the United States Attorney General for appropriate action, upon the adoption of federal legislation requiring their incarceration in federal prison for the entire term of their sentences.

AJR 77 (Costa) Resolution Chapter 50, Statutes of 1994, memorializes the President and Congress to enact legislation to construct new federal prisons and to transfer undocumented aliens who are presently imprisoned in state prisons to the new federal facilities as a first priority in order to relieve California and other states from the financial burden of imprisoning such criminals.

Cost of Incarceration

SB 1744 (McCorquodale) requires the CDC to notify illegal aliens incarcerated in state prison that they may apply to be transferred to serve the remainder of their prison term in their country of origin, and authorizes the CDC to pay up to \$2,000 per year to any foreign country to which an inmate is transferred until he/she has completed the prison term which he/she began serving in this state.

SB 1878 (Torres) initiates a test case involving the transfer of a single nonviolent alien felon to the INS, prior to the expiration of the alien's state sentence, in order to force a court challenge clarifying the law with respect to the federal government's responsibility to incarcerate and pay for illegal alien felons.

INMATE BILL OF RIGHTS

California's inmates are protected by the U.S. Constitution, as are the inmates in the other 49 states. But California inmates retain an extra guarantee of rights summarized in the Civil Rights of Prisoners, Penal Code Section 2601.

The anti-crime sentiment that inspired three strikes and you're out has also attacked these provisions. Proposals to curb privileges behind bars have cropped up at the local and state level. Limiting lawsuits, preventing inmates from profiting from their crime and banning barbells have all been fair game this session.

SB 1260 (Presley) implements a \$3 filing fee for inmate civil lawsuits, limits the publications that an inmate may possess, and limits other rights based on legitimate penological interests. The bill also prevents the lowering of the standard of health care currently provided to inmates.

SB 1330 (Calderon) clarifies and expands an existing law designed to prevent an inmate from profiting from his/her crime via books, movies, merchandising, etc. by allowing the state to continually disperse, to victims, revenues earned by the inmate from such activities.

SB 1445 (Thompson) reduces the time for an inmate to file a civil cause of action from 20 years to two years, in order to have actions brought in a timely manner.

SB 22X (Peace, Calderon) limits the use of weight training equipment by inmates to medical orders and conditioning programs created by the Department of Corrections. An exception is made for inmates participating in vocational programs such as firefighters, divers, etc. that require strength.

COURTS

Celebrity cases such as the Menendez Brothers, Rodney King, Michael Jackson, O.J. Simpson and others have led to legislation this year.

SB 1999 (Kopp)/AB 501 (W. Brown) creates a new misdemeanor crime of juror tampering. These bills also prohibits a person who is a witness to a crime or has personal knowledge of a crime from receiving directly or indirectly money or its equivalent for providing such information. The prohibition would not apply if more than one year has elapsed from the date of the witnessed crime.

In addition, these bills require the court to instruct jurors in a criminal case that they may not accept or discuss payment for information concerning the trial prior to their discharge.

SB 254 (Kopp) requires the State Bar to adopt rules limiting pretrial comments by lawyers in pending high-profile cases.

Judges

There also has been much public concern this year over the disciplining of judges.

ACA 46 (W. Brown) would give the public a chance to amend the state constitution relative to the duties of the Commission on Judicial Performance on the November ballot. This ACA changes the composition of the commission and rather than recommending discipline to the state Supreme Court as is the current law, the commission would do the actual disciplining. The current types of discipline would remain: retirement, removal, censure and private admonishment. Public admonishment would be added by the measure.

JUVENILE CRIME

Juvenile Justice

Violent crime rates among young people have been rising far faster than among adults. Juveniles are committing these crimes at a younger age and with more destructive force and impact, and are often perceived to get little punishment.

The Legislature chose to address this issue in the areas of the fitness of juveniles to be tried as adults, the confidentiality of juvenile records, and juvenile justice reform. In addition, the Legislature addressed the issue of adults serving time in the California Youth Authority (CYA) and supported the innovative efforts of a bay area crime-fighting group.

Fitness

Under current law, when a minor under the age of 18 is charged with a criminal offense, the case is usually heard in Juvenile Court. However, under the appropriate circumstances, a minor over the age of 16 may be found unfit for treatment as a juvenile, and the case may be transferred to Superior Court, where he/she will be treated as an adult. For purposes of making this determination, a minor is presumed unfit to be tried in juvenile court if charged with one or more offenses from the list of relatively serious crimes contained in Welfare and Institutions Code section 707, subdivision (b).

This year the ability to try juveniles as adults was expanded.

AB 560 (Peace) provides that juveniles over 14 years of age will be presumed unfit for juvenile court if they are alleged to have committed murder. If these juveniles are alleged to have committed enumerated violent or serious

crimes, they may be found to be unfit.

Confidentiality

Under current law, all records or reports relating to a juvenile court matters generally are confidential and are not subject to dissemination without prior approval of the presiding judge of the juvenile court, unless otherwise specified. In addition, Legislative intent states that juvenile court records are to remain confidential except in cases involving serious acts of violence.

SB 31X (Peace) allows police to release information to the press or public about a juvenile aged 14 or older at the time that the juvenile is charged with a serious felony in juvenile court.

Juvenile Justice Reform

It has been more than 30 years since the last in-depth look at the states response to juvenile crime. As a result, there has been only a piecemeal attempt to change the responses of the juvenile law.

SCR 38 (Roberti) and AB 2428 (Epple) establish a task force to review the juvenile justice system and make recommendations on how to prevent delinquency, decrease recidivism and increase public safety.

Adults in CYA Facilities

Under current law, adults up to the age of 25 convicted in adult court may serve their time in CYA facilities under certain conditions.

SB 1539 (McCorquodale) eliminates adult commitments to the CYA; however, the court still has the ability to suspend the sentence to the CDC and order the 18, 19 or 20 year old to be housed in the CYA.

This bill also authorizes the CYA to establish regional centers which can provide mental health services, short-term incarceration, treatment services and boot camp programs. Their use may be made available to counties by contract.

Multi-Agency Juvenile Crime Prevention

With diminishing state and local resources, communities are searching for ways to extend the reach of these funds in the fight against juvenile crime.

The Legislature offered ACR 146 (Bates) to commend the innovative and courageous efforts of the East Bay Public Safety Corridor Project. This project consists of a

consortium of local officials and communities, law enforcement agencies, nonprofit groups, schools, private businesses and academic specialists focused on reducing crime, violence and drug abuse among juveniles in Alameda

and Contra Costa counties.

Graffiti

Graffiti is a statewide problem. Most has been gang tagging to set up turf, and includes paint, chalk, and markers. In the past, the expensive eradication has been divided between private and public agencies.

SB 302 (McCorquodale) authorizes cities and counties to provide for the summary abatement of a nuisance resulting from graffiti and establishes a procedure for collecting the costs incurred.

SB 583 (Lewis) makes it a misdemeanor to possess spray paint or a felt-tip marker with the intent to commit vandalism or graffiti.

Parent/guardian liability is increased from \$10,000 to \$25,000 for graffiti created by their children, in SB 1779 (Bergeson). This bill also authorizes local governments and school districts to determine and recover the cost of the damage.

GENERAL VIOLENCE

School Violence

Schools in California have become an arena for increasingly serious and constant violence for children and adults. Because of increased incidents of violence, school administrators, public officials, and law enforcement agencies are seeking ways to address this issue.

The legislative approach this year included bills creating pilot conflict resolution programs, SB 1255 (Hughes); Gun Free School Zones, within 1000 feet of a school, college or university campus, AB 645 (Allen); and The Katz School Safety Act of 1994, AB 777 (Katz), requiring the Los Angeles Unified School District to make a one-time purchase of safety equipment to reduce the incidence of students bringing weapons to school.

The Legislature also produced a major conference report addressing children that are at-risk of becoming involved or who have been involved in school violence.

SB 1645 (Hart) makes reforms in the law relating to county community school funding and programs, and establishes a School Safety Incentive Grant Program for the purpose of

funding alternative education placements for expelled pupils and pupils at risk of expulsion.

AB 1045 (Allen) provides for the mandatory expulsion of pupils for specified acts and requires referral of expelled pupils to an alternative education program.

AB 2728 (B. Friedman) authorizes the establishment of in-house suspension programs as an educational and disciplinary alternative to off-campus suspensions.

AB 2978 (Napolitano) authorizes the establishment of community guidance schools as an alternative education placement for students at risk of expulsion.

AB 3114 (Murray) permits county community schools to seek funding for relocatable classrooms for alternative education programs from the State Allocation Board.

Workplace Violence

Lawyers are locking their offices. Doctors are wearing their ID tags upside-down. Some executives are even wearing bullet proof vests to work. State, county and city buildings and offices are being invaded and employees threatened, injured and killed. To respond to the escalating violence, the Legislature has passed several bills.

SB 1463 (Petrus) establishes an alternate felony/misdemeanor

for threatening elected public officials, county public defenders, county clerks and their immediate families and their staff. Also included are the exempt appointments of the governor and judges. This bill expands current law.

AB 68X (Alpert) allows employers to seek a temporary restraining order or injunction prohibiting violence or threats of violence against employees.

AB 87X (Alpert) provides that a person is guilty of trespass who makes a credible threat to cause serious bodily injury to another person and unlawfully enters into the other persons residence, real property or workplace.

DEFENSE CONVERSION

Economic Development and Employment Assistance

Economic conversion assistance: The Legislature has authorized the designation of enterprise zones (EZs) in California to provide fiscal and regulatory incentives to stimulate economic development. Employers are given tax credits for wages, equipment purchases, and other activities within an EZ. In addition to 25 EZs, existing law allows

the designation of 9 Employment and Economic Incentive Program Areas (PAs), 3 Local Agency Military Base Recovery Areas (LAMBRAs), and the Los Angeles Revitalization Zone in the area devastated by the 1992 riots. These areas qualify for less extensive economic incentives than enterprise zones.

SB 344 (Greene) authorizes the Sacramento city council, acting on behalf of the Trade and Commerce Agency, to re-designate the Sacramento Army Depot from a Program Area to an Enterprise Zone and allows taxpayers to use carry-over credits and deductions from the program area incentives after the area is redesignated as an EZ. Designation as an enterprise zone is expected to result in the siting of a large California manufacturing concern at the depot.

SB 1425 (Mello) establishes the California State University, Monterey Bay campus on the grounds of Fort Ord, subject to approval by the CSU Trustees and the California Postsecondary Education Commission. The 1994 state budget act contained \$9.3 million for campus planning and development, and the federal budget includes \$15 million to renovate facilities as part of the campus.

Last year the Legislature created the Western Commercial Space Center and California Spaceport Authority to promote the conversion of Vandenberg Air Force Base into a commercial space launch and development enterprise. AB 3014 (Seastrand) clarifies the centers role as an advocate and information resource for commercial space business and requires the center to evaluate the benefits of establishing a Central Coast Regional Technology Alliance around Vandenberg Air Force Base.

Employment assistance: The state Employment Training Panel provides funding for job training projects that foster the creation or retention of high-wage, high-skilled jobs threatened by out-of-state competition. Up to 10 percent of the panels funding may be spent on special employment projects, including retraining workers displaced by defense industry cutbacks and military base closures.

SB 1327 (Johnston) increases the percentage that can be spent on special projects from 10 percent to 20 percent, provides that these funds need not meet the out-of-state competition criteria of the law if the occupations pay at least the average state hourly wage, and provides more flexibility to fund training projects managed by consortia of small businesses.

Last year the Legislature authorized the expenditure of up to \$10 million in Employment Training Panel funds and \$1.5 million in PVEA funds to assist in staff retraining and facility development in the event a federal Defense Finance and Accounting Services facility was sited by February 1,

1994 at Norton Air Force Base in San Bernardino. The

federal government selected Norton as the site in April, 1994. AB 4X (Baca) extends the sunset date for authorization to spend the money until February 1, 1995.

Coordination of conversion programs: Last year the Legislature created the California Defense Conversion Council (DCC) in the Trade and Commerce Agency. The council's charge is to coordinate planning and funding for programs to facilitate reuse of military bases closed or realigned by the Defense Department and help convert defense-related industries to new civilian markets.

AB 3821 (Connolly) requires the DCC to prepare and implement a plan to minimize the number of bases to be closed in the 1995 round of base closures and assist local governments in making presentations before the federal Defense Realignment and Base Closure Commission.

AB 3755 (Honeycutt) gives the DCC the authority to review and suggest changes to state agency plans and local base reuse plans to better integrate these plans into a state defense conversion plan and to avoid competing reuse proposals at two or more bases.

AB 3799 (Lee) revises the process and criteria the state uses to evaluate proposals for grants from the federal Technology Reinvestment Program to improve the prospects of successfully competing for the federal grants. AB 2480 (Vasconcellos) appropriates \$1 million to carry out the new procedures.

Local Base Reuse Planning and Redevelopment

Local base reuse planning: Under federal law, each community where a closing military base is located must designate a single base reuse authority to work with the federal government. Some communities in California have been unable to agree on a single entity, while others have been hampered by the lack of a common process for forming a reuse authority. As a consequence, a number of base reuse efforts have been delayed or stalled.

To address the problem of designating a single base reuse authority, AB 3755 (Honeycutt) sets up a standard process for designating one local reuse entity for each military base closure in the state. The bill specifically names the reuse entity for 19 bases where general agreement has already been reached, and provides that the state must recognize an entity if resolutions designating the entity are approved by the county board of supervisors and affected city councils.

Where agreement cannot be reached, the director of the

Office of Planning and Research is authorized to select a mediator from a list provided by the DCC. As a last resort, the DCC is required to hold public hearings and recognize a single reuse entity if there is an impasse after mediation.

State agencies are required to recognize and consult with the single reuse entity in submitting public benefit conveyance requests to the federal government, and only recognized entities, or a city and county approved by the entity, may apply for state base reuse benefits.

To facilitate local agreement in Monterey County, SB 899 (Mello) provides for the creation of the Fort Ord Reuse Authority comprised of voting representatives from affected cities and counties and non-voting members representing state and federal offices.

The authority is required to prepare a plan for the development of the base which must be consistent with approved coastal, air quality and other regional and countywide plans. Once adopted, local general plans and zoning for land within the base must be consistent with the authority's reuse plan. The authority can negotiate with the federal government and can levy assessments, collect development fees, and issue bonds to finance implementation of the plan.

AB 3759 (Gotch) is patterned on SB 899 and provides a standard process for other local governments to use to create a military base reuse authority.

Base reuse financing and redevelopment: Base reuse plans typically call for major investments to construct, repair, and upgrade public facilities and to administer economic development and other programs in order to facilitate the conversion of military bases to new economic uses. Funding these investments is a real challenge to local agencies in the current budgetary and economic climate.

One of the most powerful economic tools available to local governments is the states Community Redevelopment Law, which allows local officials to declare an area blighted and authorizes the use of imminent domain and tax increment financing to facilitate redevelopment. Because of restrictions in the state law, most military bases were not eligible to be designated as redevelopment areas. Last year the legislature revised redevelopment law to better apply to military bases.

SB 1600 (Mello) modifies these standard provisions by authorizing the Fort Ord Reuse Authority to create the Redevelopment Agency of Fort Ord, and specifies the powers and formula for distribution of tax increment revenues generated by redevelopment. SB 1035 (Thompson) authorizes

the City of Vallejo Redevelopment Agency to create a redevelopment area covering the Mare Island Naval Shipyard and temporarily exempts the creation of the area from the California Environmental Quality Act and state general plan consistency requirements. AB 3769 (Weggeland) creates the March Air Force Base Joint Powers Redevelopment Agency.

Environmental permits and regulations:

The California Environmental Quality Act (CEQA) requires any action carried out or approved by government that may have a significant effect on the environment, including base closures, to undergo environmental review.

SB 1971 (Bergeson) amends CEQA to authorize the preparation of a Master Environmental Impact Report (MEIR) for a base reuse plan. The MEIR streamlines the process of adopting a base reuse plan by deferring project-specific environmental analysis and mitigation to subsequent environmental reviews.

SB 354 (Ayala) and AB 3774 (V. Brown) revise CEQA to allow a federal Environmental Impact Statement (EIS) on a base closure plan prepared pursuant to the National Environmental Policy Act (NEPA) to be used as a Draft EIR for CEQA purposes, cutting down the time and effort required to comply with CEQA.

Base reuse plans can sometimes be delayed by state and local permitting requirements. To address this issue, SB 1257 (Ayala) requires the Secretary of Cal-EPA to expand an existing one-stop permit center on a closing military base to expedite the issuance of federal, state and local permits.

Air pollution districts currently can "bank" emission reductions beyond those required by regulations and use them to offset future increases in air pollution emissions. This allows new sources of air pollution, such as manufacturers or utilities, to locate in an area that doesn't meet air pollution standards without further compromising air quality. AB 3204 (Cannella) establishes a system for base reuse authorities to apply to air districts to retain air pollution emission reduction credits related to closing or reducing operations at a military base. Five percent of the credits must be permanently retired to ensure a net improvement in air quality.

DOMESTIC VIOLENCE

Addressing domestic violence was a major goal in the 1994

legislative session after the O.J. Simpson case focused attention on the tragedy of family violence in this country.

Shelter Funding

As part of the 1994-95 budget deliberation, the Legislature provided \$11.5 million for shelters, and \$3.5 million to improve domestic violence prosecutions. Identical amounts were promised for the 1995-96 budget year. These agreements were executed in AB 167 (B. Friedman), also known as the Friedman-Alpert-Solis Battered Woman Protection Act of 1994. AB 801 (B. Friedman) further refined the agreements contained in AB 167.

The infusion of money for shelters is particularly significant because shelters in California are severely underfunded. There are an estimated 90 shelters in California; and according to the Office of Criminal Justice Planning, nine rural counties have no shelter program. Only a few shelters are equipped to serve abused men and their children. Many shelters are not staffed to provide bilingual services. Most existing shelters are forced to turn away 50 percent or more of people in need of transitional housing.

Criminal Procedure

The California Department of Justice says 238,895 incidents of domestic violence were reported to law enforcement in 1993, 206 homicides were committed by a current or former husband or boyfriend, and 47 murders were attributed to a current or former wife or girlfriend.

When an abuser is arrested and prosecuted, he is often placed in a diversion program. The abuse charges are dismissed entirely after successfully completing the program, which consists of at least one year of counseling in an approved treatment program and performing community service.

When an abuser is arrested, prosecuted and convicted, he is often placed on probation rather than serving jail time. For instance, after O.J. Simpson plead no contest to a charge of abusing his wife in 1989, he was sentenced to two years probation, \$470 in fines and penalties, 120 hours of community service and twice weekly counseling. Under AB 93X (Burton), batterers placed on probation must remain on probation for three years and successfully complete a weekly 90-minute counseling session for at least a year.

Persistent batterers convicted more than once will face increased jail time and fines under SB 739 (Bergeson) and SB 18X (Killea). SB 739 also includes longer mandatory sentences for people who violate a temporary restraining order.

Domestic violence prosecutions present unique problems for district attorneys because of the complex psychology of abuser and survivor. Many abused women do not appear in court to testify against their abuser or refuse to press charges after making the original complaint. SB 1827 (Lockyer) addresses one aspect of this problem, by allowing prosecutors to refile the original misdemeanor complaint within six months of the first filing. This will allow the prosecution to proceed with the action should the victim decide to testify after all.

Additionally, some women not only refuse to cooperate, but, when the trial takes place, they actually testify on behalf of the batterer. When this happens, courts generally reach what is called a civil compromise, and the batterer pays damages to the victim. AB 88X (Burton) specifies that when a civil compromise is reached, the batterer must attend a treatment program.

Educational Training

Two domestic violence education measures passed in 1994.

They are:

ACR 1X (Epple) encouraging judges to have yearly domestic violence training, and ACR 1X (Epple) encouraging judges to have yearly domestic violence training, and

AB 93X (Burton) creates a funding stream for domestic violence public education programs. AB 93X (Burton) creates a funding stream for domestic violence public education programs.

GunsGuns

In recent years, the Legislature has passed several bills to protect victims of domestic violence from potential harm due to firearms. Prior legislation:

Prohibits people under a domestic violence restraining order from obtaining a gun; and Prohibits people under a domestic violence restraining order from obtaining a gun; and

Bans a person convicted of spousal abuse, stalking or violating a domestic violence restraining order from owning or possessing a firearm for 10 years. Bans a person convicted of spousal abuse, stalking or violating a domestic violence restraining order from owning or possessing a firearm for 10 years.

SB 1278 (Hart) generally disallows batterers subject to restraining order to own or possess a firearm while the restraining order is in effect. Refusal to relinquish a gun is treated as a misdemeanor. SB 1278 (Hart) generally disallows batterers subject to restraining order to own or possess a firearm while the restraining order is in effect. Refusal to relinquish a gun is treated as a misdemeanor.

Restraining Orders

Domestic violence restraining orders are granted on a temporary and permanent basis. Restraining orders can protect victims from further abuse. Under AB 3033 (Solis) victims who cannot afford to pay the \$24 service fee, but don't qualify for the low-income exemption to the fee, can still get the protective order served for free when such orders are served by certain law enforcement officers.

AB 3034 (Solis) provides a system for the immediate entry of domestic violence restraining orders by the issuing court into a statewide computerized registry maintained by the Department of Justice (DOJ). Before the enactment of AB 3034, restraining orders were only filed with the DOJ after the order was delivered to the police. Under this system, documentation of some restraining orders was never transmitted to DOJ. As a result, some abusers were able to avoid requirements of the law such as the prohibition on buying a gun because gun shop owners found nothing when a computer check was performed.

Spousal Rape

Spousal rape was first made a crime in California in 1980. Under this original law it was much harder to prove and get a conviction for spousal rape than it was for non-spousal rape. In 1993 Assemblymember Solis successfully authored a measure to define spousal rape in substantially the same manner as non-spousal rape. In 1994 Senator McCorquodale authored SB 59 (McCorquodale) to amend a number of Penal Code sections to ensure uniformity of spousal and non-spousal rape laws.

Stalking

According to the FBI, some 200,000 people, most of whom are women, are stalked each year. In 1990, California was the first state in the nation to establish the crime of stalking. Significant stalking bills in 1994 included AB 59X (Alpert), AB 68X (Alpert), AB 95X (Burton) and AB 3454 (Speier).

AB 59X requires a hearing in open court before someone who is accused of stalking or domestic violence is released on bail or on his or her own recognizance.

AB 68X allows employers to obtain restraining orders against people who are harassing, threatening or stalking workers.

AB 95X requires the Department of Corrections or county sheriff to notify the stalking or felony domestic violence victim, family members and/or witnesses when the abuser is being released from prison. Notification is also required when such a prisoner escapes.

AB 3454 prohibits the release of any registration or drivers license record of any person who submits verification that he or she is being stalked or is in fear of death or great bodily injury.

Implementation of Federal Legislation

The 1994 federal omnibus crime bill includes major domestic violence provisions originally proposed as the Violence Against Women Act (VAWA). Among the many provisions included are funding for:

- Domestic violence and rape crisis shelters,
- Additional police, prosecutors, victim advocates,
- Prevention programs, and
- Training for judges and police officers.

AB 3129 (Bustamante) requires the Legislature to form a task force to make recommendations to the Legislature on how to revise California law to meet funding eligibility requirements of the federal VAWA.

ECONOMIC COMPETITIVENESS

Many of the most significant economic development bills passed during the 1994 session are covered in the areas dealing with infrastructure and defense conversion.

Enterprise Zones

Enterprise zones are designed to provide tax incentives for businesses to invest in areas in which they would not otherwise invest. These zones will help to create needed jobs and encourage investment in areas which have been particularly hard hit during the current economic downturn.

The benefits available to businesses expanding into Enterprise Zones come in the form of regulatory incentives, tax breaks, and other benefits offered by local, state and

federal governments. The regulatory benefits available to businesses operating within Enterprise Zones include suspension or modification of local building codes or zoning laws; reduced fees for permits, applications, and local government services.

The tax benefits include sales and use tax credits for new machinery purchases and tax credits for hiring qualified employees. In addition, businesses may deduct the cost of certain machinery as a business expense in the year of acquisition. There are also special net operating loss carry-over provisions available. Finally, there is a net interest deduction available for lenders making loans to businesses located in Enterprise Zones.

The Department of Commerce (now Trade and Commerce Agency) was authorized to designate not more than 25 enterprise zones within the state. Designation of 25 enterprise zones and nine employment zones was completed in February 1993.

Senate Bill 1438 (Mello) authorizes the Trade and Commerce

Agency to designate two additional Enterprise Zones; where the unemployment rate in the area has been at least twice the state average for the preceding five years; and where the median household income of the area is less than 90 percent of that for the county in which the proposed zone is located.

Senate Bill 1770 (Alquist) is designed to enhance the incentive effect of the Enterprise Zone program by making the benefits available to businesses in Enterprise Zones to businesses that hire individuals who are eligible for various job training and social service programs. Currently hiring tax credits are restricted to businesses that hire individuals who are participants in these programs.

One of the intended outcomes of Enterprise Zone designation is to encourage job retention in this state.

SB 344 (Greene) converts a portion of the Florin-Perkins program area in Sacramento into an enterprise zone. By allowing the Sacramento Army Depot to be designated an enterprise zone, this bill is aimed at attracting a Packard Bell facility to Sacramento, keeping 1,500 to 3,000 jobs in California. Without an enterprise zone, Packard Bell had indicated its intent to relocate out of state.

Telecommunications

In his 1993 State of the State address, Governor Wilson identified telecommunications as necessary to set the stage for a California comeback.

In November 1993, at the request of the Governor, the Public

Utilities Commission (PUC) completed a report entitled, Enhancing California's Competitive Strength: A Strategy for Telecommunications Infrastructure. The report recommends opening all telecommunications markets to competition and streamlining regulation to accelerate the pace of innovation. The report specifically recommends that California:

- Open all telecommunications markets, including local telephone service to competitive entry by January 1, 1997; and
- Open all telecommunications markets, including local telephone service to competitive entry by January 1, 1997; and

- Support the removal of federal barriers to open competitive entry into telecommunications. Telecommunications has been a major focus of legislative interest during the 1994 Session. Support the removal of federal barriers to open competitive entry into telecommunications. Telecommunications has been a major focus of legislative interest during the 1994 Session.

In response to the PUC's recommendations, and at the behest of Pacific Bell, Assemblyman Costa introduced one of a number of major pieces of telecommunications industry reform legislation during the current session.

AB 3720 would permit Pacific Bell to enter into the long-distance market for calls within the state (e.g., intrastate, interLATA calls), if permitted by federal law or court action. Pacific Bell has been barred from competing in long distance or interLATA (service areas known as Local Access and Transport Areas) telecommunications markets by the 1984 federal Divestiture Case that broke up AT&T monopoly on local and long-distance telephone service. Major telecommunications legislation is pending at the federal level, but prospects for passage during this session of Congress are currently dimming.

If federal law or court action does not permit Pacific Bell to enter the intrastate, interLATA market, then AB 3720 requires the PUC to order Pacific Bell to provide service in that market and seek appropriate federal court waivers of the antitrust settlement restrictions. This provision sets the stage for a court challenge by Pacific Bell to the long-distance service ban. The bill provides that such a

challenge will be at no cost to the state.

The bill does not permit Pacific Bell into the intrastate, interLATA market until local telecommunications markets are open to competition.

AB 3720 is single-joined with AB 3643 (Polanco and Moore), which requires a PUC investigation into universal telephone service issues. Universal Service is the cornerstone of state and federal telecommunications policy. It provides for affordable telephone service to all residential customers.

This bill is an attempt to facilitate more competition by requiring the PUC to address funding of our universal service policy and by defining what is encompassed in that policy.

Another bill that will foster open competition in telecommunications markets is AB 3606 (Moore). This measure sets the conditions for the PUC opening up the local telephone market to competition. This legislation addressed concerns that the telephone companies were able to move into other markets while their own markets were still protected from competition. This bill complements the Costa bill by providing for competitive entry into the near-monopoly of local telephone service.

Senator Calderons SB 1966, which declares state policy to remove the barriers to open and competitive markets and promote fair product and price competition in a way that encourages greater efficiency, lower prices, and more consumer choice is a broader policy statement consistent with the approaches in the Costa and Moore bills.

Another major piece of telecommunications legislation is SB 1960 (Rosenthal). This measure establishes the California Education and Libraries Technology Infrastructure Program to fund telecommunications infrastructure projects in the states public education systems.
Economic Strategy Panel

A number of legislators have also been actively involved in the work of the California Economic Strategy Panel. This panel was created by legislation (AB 761) carried by Assemblyman Vasconcellos during the 1993 Session. The work of the panel commenced officially on June 16 of this year at its organizational meeting. The legislative members of the panel are Senators Ken Maddy and Teresa Hughes and Assembly members John Vasconcellos and Bruce McPherson.

The charge of this panel is to develop a two-year economic development strategic plan for the state. Prior to a public hearing process, the panel held two meetings, on July 8 in San Francisco and August 4 in Los Angeles. The panel will meet at a September 8 work session in Santa Clara to develop a vision for the California Economic Development Strategic Plan and to frame an outline for the planning process.

The plan shall include:

- statement of economic goals for the state;
state; statement
of economic goals for the state;

- prioritized list identifying significant issues learned from the Panel meetings;
prioritized list identifying significant issues learned from the Panel meetings;

- proposals for legislation, regulations and administrative reforms necessary to improve the business climate and economy of the state;
proposals for legislation, regulations and administrative reforms necessary to improve the business climate and economy of the state;

- evaluation of the effectiveness of the states economic

development programs; evaluation of the effectiveness of the states economic development programs;

list of key industries in which the state shall focus its economic development efforts; and list of key industries in which the state shall focus its economic development efforts; and

strategies to foster job growth and economic development covering all state agencies, offices boards and commissions that have economic development responsibilities. strategies to foster job growth and economic development covering all state agencies, offices boards and commissions that have economic development responsibilities.

KINDERGARTEN THROUGH HIGH SCHOOL (K-12)

Major education issues before the Legislature in 1994 concerned improving the safety of our school campuses and communities, reforming Californias newly established student assessment system, developing school facilities bond measures which would attract statewide voter support, preparing competent teachers to better meet the needs of limited English proficient students, outfitting schools with up-to-date computers and other instructional technology, reforming the financing system for special education services, and creating an expanded role for parents in their childrens schooling. The K-12 Education budget passed by the Legislature in June provided the same level of per-student funding as last year, with few new programs and few major changes.

Legislation responding to these and other issues is highlighted below.

School Safety

In response to the growing presence and threat of violence in schools and communities, violence prevention and intervention issues have risen to the top of the Legislatures agenda in 1994. The Senate Subcommittee on School Safety established in 1993 provided direction to the Legislature on the numerous school safety bills before them this year.

The major school safety themes this year were expanding expulsion requirements for students in specific circumstances and creating alternative school placements for students who are expelled.

Currently school districts in California may expel students for a number of reasons. Schools are required to expel students for possession of a firearm. There was strong interest in the Legislature this year to expand mandatory expulsion for additional reasons. Once expelled, many students are no longer served by any education program despite their increased need for intervention and supervision, and return home unattended for long periods of time, placing them at further disadvantage.

The Legislature produced a major conference report on many bills, most of which passed the Legislature, and which address new student expulsion requirements, alternative programs for students once expelled, and prevention of school violence:

AB 1045 (Allen) was debated in several special hearings where legislators carefully weighed the implications of expanding state mandatory expulsion requirements. As passed, the bill requires mandatory expulsion of students in grades 7-12 for possession of dangerous weapons, in addition to guns, and possession/sale of certain controlled substances.

AB 1045 also requires referral of expelled pupils to a community school. Several other bills focused on programs

for students once they are expelled.

As passed, SB 1645 (Hart) makes reforms in the law relating to county community school funding and programs, and establishes a School Safety Incentive Grant Program for the purpose of funding alternative education placements for expelled pupils and pupils at risk of expulsion.

SB 1255 (Hughes), as passed, creates a pilot conflict resolution program which would allocate funds from asset

forfeitures to county offices of education for grants to school districts. Project grants would focus primarily on teaching students non-violent problem solving strategies.

AB 2728 (B. Friedman) authorizes the establishment of in-house suspension programs as an educational and disciplinary alternative to off-campus suspensions.

AB 2978 (Napolitano) authorizes the establishment of community guidance schools as an alternative education placement for students at risk of expulsion, to be funded by school districts from funds received pursuant to the School Safety Incentive Grant Program provided in SB 1645.

AB 3114 (Murray) permits county community schools to seek funding for moveable classrooms (for alternative education programs) from the State Allocation Board.

Another bill passed this year will help keep firearms away from public schools. AB 645 (Allen) establishes Gun Free School Zones within 1,000 feet of schools, colleges and university campuses.

The Legislature also passed AB 1620 (Lee) which declares the Legislature's intent that school districts maintain public records of student suspensions and expulsions. In addition, the bill authorizes teachers to allow suspended students to keep up with their coursework and testing while suspended.

School Finance

Financing Californias public schools remained a focus of the Legislature primarily through its deliberation of the 1994-95 Budget Act. However, the Legislature also passed SB 1261 (Hart)--a measure which would help raise new revenues for public schools. This measure would authorize local school and community college districts to impose parcel taxes for general district purposes with approval from a majority of local voters rather than two-thirds. SB 1261 is similar to SB 177 (Hart) and SB 1 (Hart) passed by the Legislature in 1992 and 1993, respectively. Both of these bills were vetoed by Governor Wilson.

Reform of Californias \$2 billion-plus categorical programs was also a significant issue this year. A 1993 report by the Legislative Analysts Office identified problems with Californias more than 50 special categorical programs. Reform of categorical programs was a topic surrounding legislative discussions of the 1994-95 budget. This discussion spilled over into AB 967 (Campbell) --a bill which would have created five categories of categorical programs and allowed school districts to shift limited funding (up to 5 percent) from one program to another.

While this bill did not pass, it captured the debate on categorical reform in 1994--a debate that will likely continue in the future.

School Facilities Bonds

State voters have approved nearly \$7.8 billion in bond issues for school facilities since 1982, when bonds were first placed on the statewide ballot under the Leroy F. Greene State School Building Lease Purchase Act. Despite this very large commitment of state funds for local school construction, the backlog of approved projects currently totals several billion dollars. The state Department of Finance estimates that K-12 schools will need \$23 billion for new construction, modernization, and deferred

maintenance over the next decade.

In addition, according to the Legislative Analyst, California's higher education systems will need more than \$6 billion for capital outlay projects in the next five years.

In early 1994, the Legislature passed SB 190 (Greene), which placed a \$1 billion state bond measure for K-12 school facilities on the June 1994 ballot. Appearing as Proposition 1B, this measure was rejected by statewide voters, reversing more than ten years of support for school facilities bonds.

Attempts to develop a statewide bond measure for the November 1994 ballot, produced AB 1700 (Eastin) and SB 189 (Greene), identical bills which would have provided \$2 billion for both K-12 and higher education facilities. Of this amount, \$1.5 billion would have been directed to K-12 schools and \$500 million for higher education. In the past, statewide bond acts for K-12 and higher education facilities have appeared as separate measures on the state ballot. The Legislature made a deliberate yet somewhat controversial move in combining these measures to improve their chances of passing this November, but the lack of bipartisan agreement resulted in a last-minute defeat of both bills.

School Facilities Reform

Over the last few years the Legislature has contemplated many bills to improve and streamline the State School Building Lease Purchase Program. While a few bills have been enacted in the last few years which streamline the school building process in specific circumstances, no comprehensive facilities reform bills have been successful.

In 1994, the Legislature passed two bills --SB 97 (Greene) and AB 2580 (Eastin) --which proposed differing comprehensive reforms in the state school building program,

leaving it to the Governor to decide which one to sign. Both bills aim to simplify and streamline the complex school building program and, at the same time, maintain equity, but contain different approaches; they both clearly require more of a local commitment by the school district, with SB 97 also requiring a local election.

Educational Technology

The lack of access to up-to-date instructional technology is a major problem for California's public schools in 1994. In improving this access, the Legislature considered three bills to better plan and finance the acquisition of computers and other instructional technology in our public schools.

AB 3031 (Eastin), defeated in committee, would have required the Superintendent of Public Instruction to develop a long-range plan to equip every classroom in California with basic instructional technology by the year 2000.

AB 3607 (Moore), also defeated, would have created the Classroom and Library Communications Infrastructure Account which would have been funded through a telecommunications surcharge to provide funds for electronically linking public schools with public libraries. While this bill did not pass, this program and its proposed funding mechanism has attracted strong interest and endorsement.

One measure was passed by the legislature, SB 1960 (Rosenthal), which establishes the California Education and Libraries Technology Infrastructure Program to fund telecommunications infrastructure for the state's public education systems. The bill also creates the Golden State Education Foundation and sets up a trust fund to finance telecommunications infrastructure projects. The bill does not appropriate funds to the trust fund, but authorizes the fund to receive support from a variety of public and private sources.

Workforce Preparation

The expansion and improvement of high school vocational education programs to better prepare non-college bound students for the world of work and to help transition students from school to work, was a high priority issue for the Legislature.

SB 71 (Hart) would have established the statutory groundwork for creating a comprehensive workforce education and preparation system and responded to specific requirements of the new federal School-to-Work Opportunities Act. While a very ambitious bill with ongoing importance, this bill did not pass through the Legislature this year.

Several bills which initiate state level planning and review necessary for improving vocational and workforce education in our state's high schools did successfully pass the Legislature:

SB 1417 (Johnston) requires the State Job Training Coordinating Council to review the state's current vocational education and workforce preparation programs and recommend strategies for their consolidation, coordination and integration.

AB 2583 (Eastin) creates the California Career Curriculum Council, a public-private consortium directed to review and comment on the state plan to be submitted by the Governor to the federal government pursuant to the School-to-Work Opportunities Act.

The new Council is also charged with developing recommendations for the general reform of vocational education in our state's high schools in order to develop a more comprehensive school-to-work plan for California. As a part of these reform recommendations, the Council is required to assess the feasibility of adopting an integrated academic and career based curriculum for high schools.

AB 2775 (Archie-Hudson) creates the California Council on Education and Workforce Development to develop a Master Plan for an integrated workforce training and preparation system in California to meet our state's labor needs.

Another bill which passed this year creates a new career education option for high school students. SB 1486 (Peace) permits business, trade, or professional associations, unions or state and local government agencies in California to establish career preparation programs for 11th and 12th grade students. Under the bill, students could choose, with their parents consent, to attend a career preparatory program instead of a traditional college preparatory program.

These new programs authorized by SB 1486 would provide a specified course of instruction to meet the requirements for high school graduation and on-the-job training and instruction in specific vocational skills; however, these programs would not be eligible for any funds from the state or local school district.

As the new federal School-to-Work Opportunities Act takes hold, the Legislature passed AB 1244 (Eastin), which strengthens school-to-work transition for students in California and positions our state for the receipt of funds under the new federal act.

AB 1244 establishes the Business-Education Incentive Program funded through Job Training Partnership Act (JTPA) funds. Under the program, the State Job Training Coordinating Council will approve grants of up to \$300,000 each for the establishment of occupational academies to train high school pupils for specific occupations. The director of the Employment Development Department is required to allocate up to \$6,000,000 annually from new federal JTPA funds for occupational academy grants.

Student Assessment

The new statewide testing system, the California Learning Assessment System (CLAS), was the center of controversy this year because of problems with its scoring, implementation and the content of test items. As a result, Governor Wilson eliminated funds for CLAS in the 1994-95 budget, indicating he would reappropriate those funds as part of legislation to reform the new assessment program.

Problems for the new and promising CLAS test started in early 1994 when it was challenged by various conservative religious groups which alleged the test was an affront to their personal values. These allegations were highlighted by glitches in the tests first two years of operation which were well publicized by the media and the tests conservative critics. These problems culminated recently when the state Auditor's office reported some irregularities with the CLAS system as a part of its review of the program.

SB 1273 (Hart) became the legislative vehicle for reforming the beleaguered CLAS system. As passed, the bill appropriates \$24.2 million for the CLAS test in 1994-95 and extends its sunset date to January 1, 2000. The bill contains several other substantial changes which improve the CLAS test. These improvements broaden involvement in test development to assure parents and others, not only educators, are involved; expand review of the test by a new state review panel and others to assure sensitive questions are kept off the test; prohibit test questions of a personal nature, such as questions which relate to sex or religion; upgrade the academic rigor of the test to incorporate spelling, grammar and other proficiencies; and establish a better scoring process.

As a final move in satisfying CLAS critics, SB 1273 allows parents to "opt-out" of the CLAS exam so that any parent can decide not to have their child take the exam.

Programs for English Learners

During the 1994 legislative session, the Legislature passed legislation, SB 33 (Mello), to reinstate the mandate for primary language instruction for Limited English Proficient

students (renamed English learners); it is doubtful whether the Governor will sign this bill, given long-standing opposition to this mandate on the part of the Governors office. Controversy continued over the rights of parents to choose a placement for their child other than in a bilingual education program, but AB 1408 (Morrow), a legislative attempt to clarify this right, was defeated. SB 1850 (Greene) which direct the State Board of Education to incorporate the original purposes of the bilingual education program into any policy they adopt on bilingual education, was passed, but may also be vetoed.

Teacher Credentialing

The level of training required for non-bilingual teachers of English learners was the focus of intense debate over SB 1969 (Hughes), a teacher-union-sponsored bill to relax the new requirements intended to upgrade teacher competency in assuring full access to the core curriculum. The bill to passed and could gain the Governors signature in a major defeat for the governing state agencies and bilingual education advocates pressing for full compliance with the state-of-the-art CLAD (Cross-cultural, Language and Academic Development) credential recommendations.

SB 1843 (Hart) would make significant changes in the operation of the Commission on Teacher Credentialings Committee on Credentials, the body that rules on professional standards and conduct of credentialed educators. The bill addresses issues of confidentiality, procedures for investigating allegations, standards of documentation or evidence, and sanctions against credential holders; it would also increase credential fees from \$65 to \$70.

The Governor has already signed SB 2005 (Leslie), a bill that would permanently revoke the credential of a teacher who is convicted of a felony sex offense or a drug offense

involving a minor.

An alternative program to prepare special education teachers in an intern program for Los Angeles Unified School District only is proposed in SB 1657 (Hughes) . Although vetoed in a similar form last year, the bill is intended to provide an accelerated training program in a critical shortage area, building upon the success of an existing district internship program.

A bill requiring a study of how well teacher candidates are trained in critical thinking and problem-solving, SB 1849 (Greene) was altered to also delay the Department of Education from allocating the federal Goals 2000 funds until after February 1995 and was passed.

Governance

A 1993 decision by the states 3rd District Court of Appeal--State Board of Education v. Honig-- expanded the scope of the State Board of Education's authority over the state Department of Education, headed by the Superintendent of Public Instruction. The court placed ultimate policy-making responsibility with the board. It granted the board authority to review and approve the superintendents top-level appointments and the Department of Education budget. In addition, the court allowed the state board to hire its own staff.

The court decision extended the boards powers beyond those it traditionally held. In response, SB 1856 (Dills) limits the duties of the State Board of Education to only those granted to it by statute and the State Constitution. The bill deletes four sections of the Education Code that were used to expand the Boards duties in the Court of Appeals decision in State Board of Education v. Honig, and declares that decision contrary to legislative and constitutional intent and administrative practice.

Reorganization of school districts and county offices of education were topics of other bills this year. SB 1537 (Thompson) would make it easier for county offices of education to consolidate their activities and functions in an attempt to improve services to school districts and reduce the costs of such services.

School Attendance

SB 1728 (Hughes) clarifies the response of school districts to students who are truant from school. The bill defines a truant more specifically in law as a student who has three unexcused absences or is tardy for at least 30 minutes three times during the school year and addresses how schools handle truants. Upon the fourth truancy, students will be classified as a habitual truant, within the jurisdiction of the juvenile court. As a habitual truant, students may then be adjudicated a ward of the court, and subject to fines of up to \$100, 20 to 40 hours of community service, attendance in a court-approved truancy prevention program, or suspension of a driver's license.

Early Intervention

SB 1476 (Watson) expands an important program directed to preventing learning disabilities through the early identification of learning problems for young children. The bill expands the Early Intervention for School Success Program from 100 to 200 schools and extends the program's sunset date from July 1994 to July 1999. The program

indicates success in addressing learning problems early in a child's educational career and in averting the future need for costly, longer-term services such as special education.

Special Education

Special education finance received some much needed attention from the Legislature in 1994. Early this year, the Legislative Analysts Office, as a part of their 1994-95

budget analysis, reported serious inequities with the special education finance system and recommended the development of a new state funding model by May 1995. Two major finance reform bills were passed by the Legislature--SB 1640 (Hart) and AB 3757 (Campbell) --each of which propose a different process and timetable for changing the states system for funding services to students with disabilities.

SB 1640 (Hart) directs the Superintendent of Public Instruction, the Director of Finance, the Legislative Analyst, and a county superintendent of schools selected by the state Advisory Commission on Special Education to develop and submit a new funding model to the Legislature by June 1995. AB 3757 (Campbell) establishes a new, interim special education formula which would be replaced in five years by a permanent formula.

The Governor's decision on these bills will be guided by supplemental language adopted in the 1994-95 budget act which requires a study of the special education funding formula which is almost identical to that required by SB 1640 (Hart).

In keeping with state and national attention on the educational and civil rights of disabled students, the Legislature passed SB 1714 (McCorquodale). This bill assures that students with disabilities in California are provided with a full continuum of education placement options, including the regular classroom, as currently required under federal law. By conforming state law to federal law, this bill responds to a noncompliance issue identified by the U.S. Department of Education which could place \$248 million in federal funds to California in jeopardy.

Parent Education and Empowerment

The importance of parental involvement in contributing to positive educational outcomes for children is well established in research and well understood by effective school staff. This year, the Legislature took steps to promote and encourage greater parental involvement in their childrens education.

SB 1665 (Hart) adds two new items to the School

Accountability Report Card established by Proposition 98 in order to better inform parents about their children's schools. The added items would require school districts to report the length of their school day compared to what is required by state law and to report the number of minimum instructional days offered in the school year.

AB 2590 (Eastin) acknowledges the strong research that connects parental involvement to student success. This bill requires employers with 25 or more employees to allow each employee up to 40 hours of time-off so that they can participate in their children's schools. Employees could use vacation, personal leave, sick leave, compensatory time or leave without pay to cover this time-off.

SB 2024 (Bergeson) creates a bill of rights for parents by requiring school districts to better inform parents of their rights and to create new opportunities for parents to become involved in their child's education. Most importantly, this bill requires that the public receive a copy of their school districts employee agreements (contracts) before they are signed so that parents can be better informed of their districts financial and other obligations with these agreements.

School Enrollment Choice

In 1993, AB 1114 (Alpert) was enacted, requiring every school district in California to adopt and implement an intra-district enrollment choice program for parents. A companion bill --AB 19 (Quackenbush) --permitted school districts to establish a new inter-district enrollment choice program. As recently passed, AB 2768 (Quackenbush) makes some technical and substantive changes to these new laws. One change allows school districts to give preferences

to siblings so that brothers and sisters can attend the same school together. Another change allows students previously enrolled at a school to continue there as a part of an intra-district choice program.

Charter Schools

The Legislature considered several bills to expand the number of charter schools beyond the 100 authorized by SB 1448 (Hart) in 1992. Charter schools are intended to be innovative public schools organized by teachers and operated free of most state rules and regulations. Expansion of charter schools was controversial, in part, because development of local charters has been slow, with only 62 charter schools approved by their local school boards to date. However, expansion was also strongly opposed by the teachers unions, and was not successful this year.

One charter school bill, SB 1264 (Hart), was narrowly

passed to address issues related to the charter petition and appeals process and funding for charter schools. Most importantly, the bill requires that if the charter petition changes significantly before going to the school board, it must be recirculated for new teacher signatures. The bill also makes charter schools eligible for summer school funds and sets up an appeals process for charter schools whose charter schools are not revoked or renewed.

Libraries

SB 1993 (Hart) recognizes the importance of reading for school age children. This bill establishes the Reading Initiative Program to be administered by the California State Library to recognize K-12 students who are good readers. The bill requires the State Librarian to work with various groups and individuals, including parents, to develop reading lists of recommended books which could be used by educators and parents and which would complement the state English/language arts curriculum framework.

School Uniforms

While it was not considered to be a major education policy issue, SB 1269 (Wyman) --the school uniform bill-- was a popular and controversial measure this year. As passed, this bill allows local school boards to adopt policies requiring school uniforms if the school board determines that the policy is necessary for the health and safety of the school environment.

The bill also specifies that parents must be given 6 months notice before implementation of the policy, that the policy must identify resources to meet the needs of economically disadvantaged pupils, that the policy cannot academically penalize or bar enrollment of a student whose family refuses to comply, and that parents must have an option via an inter-district attendance agreement to attend a school that does not mandate a uniform.

HIGHER EDUCATION

Legislation in public postsecondary education, including the University of California, the California State University, and California Community Colleges, focused on innovations to encourage collaboration among the segments and incentives to save money; governance issues, such as restructuring the CSU Board of Trustees, limiting administrator pay, and granting students more voice in governance; access to higher education by undocumented immigrant students; employee rights; and financing construction.

Innovation in enrollment options

Mindful of the increasing costs of college, the Legislature considered but later defeated SB 1672 (Hart), a pilot program of up to 10 volunteer colleges to provide an incentive for students to attend a lower cost system. The

bill would have required that up to 1,000 entering freshmen accepted by the University of California who successfully complete their freshman and sophomore years at a community college be guaranteed admission to the UC campus where they were accepted as freshmen. They would be granted a waiver of student fees for their junior and senior years at UC.

In an attempt to get higher education segments to collaborate, a cross-enrollment bill, SB 1914 (Killea), was passed. That measure would allow any qualified student enrolled at least half-time at a community college, CSU, or UC campus to enroll in a maximum of one course per academic term at a campus of either of the other systems on a space-available basis and without formal admission or payment of additional fees. This arrangement would be at the discretion of campus authorities on both campuses, and no state apportionment would be received for the student. This option would be available starting with the fall 1995 term and ending on June 30, 1998.

Another bill SB 1990 (Killea), would allow parents to make up to \$2,000 per year tax-free contributions to a College Savings Account for their children or grandchildren, but that bill was not passed out of the Legislature.

Governance Issues

The governance and management of higher education systems was a focus of controversy this year, with some legislative intervention. Closer scrutiny of gubernatorial appointments to higher education governing boards by the Senate triggered policy changes as well as a change in demeanor on the part of trustees, regents, and administrators.

AB 2113 (Solis) was passed to restructure the California State University Board of Trustees. It would reduce the size of the Board from 24 to 20 members; reduce the number of ex-officio members by removing the chancellor; and require that two members be appointed by the California State Student Association, one member by the Academic Senate, and one by the CSU Alumni Council.

SB 1931 (Hayden) creates a statewide student government unit of the University of California to provide for lobbying activity for students from funds in the annual State Budget Act. Due to a recent court decision, the UC students have been prohibited from any lobbying activities.

Sending a stronger message to the higher education segments, the Legislature passed AB 2714 (Karnette), a bill to limit administrator pay increases, benefits or "perks" for UC and CSU administrators in years when undergraduate student fees increase by over 10 percent.

The establishment of the new campus of California State University at Monterey Bay on the site of the former Fort Ord Army base was authorized by SB 1425 (Mello). Funds to establish the campus come from federal commitments and some state funds.

Continuing concern over alleged mismanagement of the state and federal student loan program led to an end-of-session furor over AB 1064 (Archie-Hudson), a measure to put the Student Aid Commission into receivership to avert serious federal action against California. The measure was not successful, however, due to lack of consensus on the issue, leaving the loan program in considerable doubt.

Higher Education Facilities

(See School Facilities Bonds under K-12 Education)

Employee Rights and Benefits

While not a topic of major legislative debate, two bills passed that are important to employee groups in community colleges and CSU. SB 2097 (Hayden) creates an in-house grievance process for CSU employees who face reprisals for disclosing improper activities. AB 2114 (Solis) would authorize community college boards to establish a

catastrophic leave program to permit employees to donate eligible leave credits to another employee in times of catastrophic illness or injury.

Undocumented Immigrant Students

A controversial and difficult policy debate erupted in the Legislature in 1994 over proposals to limit the access of undocumented immigrant students to public higher education. Three proposed bills on this topic failed to pass their respective policy committees:

ABX 70 (Conroy) would make it a felony for any student who cannot show proof of citizenship or legal status to enroll in any public postsecondary institution. Another bill by the same author, AB 3380, would have prohibited any person from establishing residency in California for the purposes of paying in-state tuition unless he or she is a citizen of the U.S.

SB 1652 (Johannessen) would have prohibited any person who is not lawfully present in the United States under the

Immigration and Nationality Act from being enrolled as a student in any public postsecondary educational institution. It would have exempted students whose parents were granted legal status under IRCA in 1986.

Although those measures failed in the Legislature, the California voters will have an opportunity to make a decision on this issue when Proposition 187 comes before the voters on the November 1994 ballot. That initiative would, among other things, require public colleges and universities to verify the legal status of all enrolled students and report suspected undocumented immigrants to the INS. It would therefore make undocumented immigrants ineligible for enrollment at any public college or university.

ELECTIONS/CAMPAIGN REFORM

The Legislature has taken several important steps this year to deal with features of the electoral system.

Issues relating to elections and the conduct of campaigns in California often stir some of the most energetic debates in the Legislature, revealing deep divisions among the elected officeholders. This may be partly explained because these issues raise fundamental questions about how a democracy should properly function and about how power itself should be channeled, rather than merely concerning who shall have what particular power in an accepted political system.

Many of the questions about the electoral system have become more urgent in recent years as a result of several developments:

Proposition 140, approved by California voters in 1990, in addition to cutting the operations budget of the Legislature by 40 percent, for the first time established term limits on state officeholders. The term limits have begun to take effect, resulting in more rapid turnover in offices and more frequent special elections -- thus more frequently raising all the issues relating to these elections.

Proposition 140, approved by California voters in 1990, in addition to cutting the operations budget of the Legislature by 40 percent, for the first time established term limits on state officeholders. The term limits have begun to take effect, resulting in more rapid turnover in offices and more frequent special elections -- thus more frequently raising all the issues relating to these elections.

The public has been showing increasing impatience and frustration with what the public describes as the

excessive influence of special interests in both campaigns and the legislative process. The public has been showing increasing impatience and frustration with what the public describes as the excessive influence of special interests in both campaigns and the legislative process.

Court decisions have invalidated two measures passed by California voters that would have comprehensively governed campaign financing. Proposition 68, approved in 1988, was completely overthrown and Proposition 73, also approved that year, was almost completely gutted by the courts. Because of these decisions and because ideological differences had stalled subsequent efforts to put new campaign finance reform measures in place, California has few rules governing campaign contributions, expenditures, or related matters. Court decisions have invalidated two measures passed by California voters that would have comprehensively governed campaign financing. Proposition 68, approved in 1988, was completely overthrown and Proposition 73, also approved that year, was almost completely gutted by the courts. Because of these decisions and because ideological differences had stalled subsequent efforts to put new campaign finance reform measures in place, California has few rules governing campaign contributions, expenditures, or related matters.

Opinion polls continue to reveal substantial concerns among the public about the initiative process.

Opinion polls continue to reveal substantial concerns among the public about the initiative process.

The Legislature took action in 1994 to deal with a number of these matters.
Campaign Finance Reform

Several legislators this year requested the courts to intervene and reinstate provisions of Proposition 73. The campaign contribution limitations in that measure limited contributions by fiscal year. The court found such limitations unconstitutional due to the inequitable impact on challengers versus incumbents. Senator Kopp and Assemblyman Johnson have petitioned the California Supreme Court to make Proposition 73 valid again by instituting contributions limited on the basis of election cycle, rather than fiscal year.

It may be a year or more before the Supreme Court rules on this matter. Oral arguments have not even been scheduled. Opposing arguments can be expected as many Californians object to the specific approach of Proposition 73, especially its ban on public financing of campaigns. Many view partial public financing as the only means of reducing the influence of well-financed special interests.

Responding to the public concern about the influence of these special interests, the campaign finance arms race, the reliance of some candidates on great personal wealth, and the numerous ethical issues existing campaign finance procedures raise, the new President Pro-Tempore of the Senate, Bill Lockyer, introduced and secured the passage of SB 588. If signed by the Governor and approved by voters after it is placed on the ballot in March of 1996 SB 588 will:

Impose contribution limitations that may be made to candidates for legislative office at primary and regular elections. Candidates may not receive more than \$5,000 per election cycle from any "qualified organization" (an organization registered for six months or more, with 25 or more members, and contributing to five or more candidates). All other "persons" are limited to \$2,000. Impose contribution limitations that may be made to candidates for legislative office at primary and regular elections. Candidates may not receive more than \$5,000 per election cycle from any "qualified organization"

(an organization registered for six months or more, with 25 or more members, and contributing to five or more candidates). All other "persons" are limited to \$2,000.

Provide for partial public funding for legislative candidates in general elections paid for by a voluntary tax check-off system, if those candidates meet certain qualifying criteria. Provide for partial public funding for legislative candidates in general elections paid for by a voluntary tax check-off system, if those candidates meet certain qualifying criteria.

Impose expenditure limitations on candidates for legislative office (at regular elections) that wish to receive public financing. Initial formulas specify that qualifying candidates for the Assembly will receive \$3.15 multiplied by the number of registered voters in the state divided by 80. Qualifying candidates for the Senate will receive \$2.25 multiplied by the number of registered voters in the state divided by 40. This means that in 1996 an Assembly candidate's approximate spending limit would be \$557,999 and a Senate candidate's approximate spending limit would be \$797,141. Impose expenditure

limitations on candidates for legislative office (at regular elections) that wish to receive public financing. Initial formulas specify that qualifying candidates for the Assembly will receive \$3.15 multiplied by the number of registered voters in the state divided by 80. Qualifying candidates for the Senate will receive \$2.25 multiplied by the number of registered voters in the state divided by 40. This means that in 1996 an Assembly candidate's approximate spending limit would be \$557,999 and a Senate candidate's approximate spending limit would be \$797,141.

Require candidates wishing to qualify for partial public financing to first raise -- in matchable contributions -- \$30,000 if an Assembly candidate, and \$45,000 if a Senate candidate, (Matchable contributions are monetary contributions of \$1,000 or less, excluding contributions from candidate-controlled committees or political party and legislative caucus committees and loans or proceeds of loans.)

Require candidates wishing to qualify for partial public financing to first raise -- in matchable contributions -- \$30,000 if an Assembly candidate, and \$45,000 if a Senate candidate, (Matchable contributions are monetary contributions of \$1,000 or less, excluding contributions from candidate-controlled committees or political party and legislative caucus committees and loans or proceeds of loans.)

Provide that contributions will be matched by partial public funding according to the following formula - 5:1 for the first \$100, 3:1 for amounts between \$101 and \$500, and .5:1 for amounts between \$501 and \$1,000.

Provide that contributions will be matched by partial public funding according to the following formula - 5:1 for the first \$100, 3:1 for amounts between \$101 and \$500, and .5:1 for amounts between \$501 and \$1,000.

Ban transfers from legislative candidates and officeholders to other races for legislative office. This ban does not apply to political parties or legislative caucus committees, nor does it apply to the personal funds of a candidate. Ban transfers from legislative candidates and officeholders to other races for legislative office. This ban does not apply to political parties or legislative caucus committees, nor does it apply to the personal funds of a candidate.

Provide additional funds to candidates qualifying for partial public funding in those cases where an opponent exceeds the expenditure limits. Provide additional funds to candidates qualifying for partial

public funding in those cases where an opponent exceeds the expenditure limits.

Impose limitations on independent expenditures under certain conditions. Impose limitations on independent expenditures under certain conditions.

Motor Voter

Last year Congress passed and the President signed the National Voter Registration Act of 1993. State action is required to implement this legislation, and California lawmakers have been struggling with this issue.

Basically, the federal legislation requires states to set up voter registration procedures often known as motor voter systems because one of the main features allows voters to register to vote when they receive or renew their drivers licenses. Other provisions call for citizens to be able to register at additional social service centers. Also included are broadly defined purge procedures for removing the names of people from the voter rolls who have moved or otherwise are no longer eligible to vote in the area.

The California secretary of state sued the governor over what the secretary of state described as gubernatorial inaction in implementing the federal law. The judge dismissed the case saying that the secretary of state should order the particular form of implementation and then act if the governor fails to implement that plan. The governor, however, recently announced that he was ordering state agencies not to begin registering voters until the federal government paid for the mandate.

Several legislators have proceeded with legislation that would specify the required state action more formally. AB 271 (Areias), and SB 1441 (Marks) will specify the agencies required to participate and the general manner of participation, will formalize purge procedures, and make other technical changes. The new procedures, as required by the federal law, will go into effect in 1995.

Special Election: Concurrent Election

AB 163 (Areias), approved by the Legislature on the last day of session and signed late the same evening by the governor, provides for a special statewide election to be consolidated with the general election of November 8, 1994. AB 163 will put three additional measures on the November ballot - SCA 7 (Dills), ACA 37 (Bustamante), and ACA 46 (W. Brown). AB 163 is, in effect, a release from the normal June deadline for the submission of measures for the general election ballot.

SCA 7, ACA 37, and ACA 46 were all approved by the Legislature in the final days of the legislative year. SCA 7, which the secretary of state has designated as Proposition 191, will, if approved by voters, eliminate justice courts and elevate the justice courts to municipal courts. ACA 37, designated as Proposition 189, would eliminate bail for certain sexual offenders. ACA 46, to appear on the ballot as Proposition 190, would revise the membership, terms of office, and appointing powers with respect to the Commission on Judicial Performance. The secretary of state is preparing a supplemental ballot pamphlet describing the measures that will be mailed to voters.

Special Elections: Recalls

In the least controversial action, the Legislature voted to place a measure on the November ballot that, if approved by voters, would allow elections to recall state officers to be scheduled within 180 days, rather than 80 days, from the date that sufficient signatures are certified as valid on petitions seeking the recall. This measure appears on the November ballot as Proposition 183.

SCA 38 (Marks) was in large measure a response to the unusual circumstance of State Senator David Roberti having

to face a recall election less than two months before the statewide primary election in June. The election did not result in Robertis recall and it cost Los Angeles County approximately \$900,000. Had the recall election been consolidated with the primary election there would have been no significant additional cost to the county. If this ballot measure is approved government funds should be saved. Also, because special elections often bring a low voter turnout, consolidation would support higher turnout elections.

Other Legislation

The Legislature has taken other notable steps this year in the area of elections. SB 1384 (Kopp) will prohibit a controlled committee from directly or indirectly paying, lending, or contributing any money or other valuable consideration to or for any voter or person to induce any voter to vote, refrain from voting, or remain away from the polls.

SB 1518 (Marks) will make confidential the addresses in voter registration records. There have been several recorded cases of law enforcement officials and well-known actors and actresses having been harassed (or worse) by individuals who obtained home addresses through registration records.

AB 2446 (Bowen) will allow any voter to apply for permanent absentee voter status. AB 3613 (Moore) will have the same effect and will also change the name of absentee ballots to vote-by-mail ballots.

AB 3616 (Moore) requests the Regents of the University of California, and requires the Trustees of the California State University, the Board of Governors of the California Maritime Academy, and the Board of Governors of the California Community Colleges to direct the appropriate officials at their respective campuses to include voter registration forms in specified materials distributed to students, to furnish absentee ballot applications to students as specified, and to provide for the establishment of polling places on these campuses.

ENVIRONMENT

California Environmental Quality Act

The California Environmental Quality Act requires any project carried out, supported or approved by a public agency to be reviewed to determine if it could potentially cause significant environmental effects. If so, an environmental document must be prepared disclosing the potential effects. Feasible mitigation measures or alternatives that could lessen or avoid the effects must be incorporated into the project, unless the public agency makes specific findings that the other benefits of the project outweigh the environmental effects.

CEQA streamlining: Last year the Legislature enacted major reforms of CEQA designed to streamline the process of environmental review. Issues left unresolved in last years reforms include streamlining judicial procedures under CEQA, which business interests argue increase costs and delay projects, and clarifying the content and definitions in CEQA to conform with case law and reduce analytical redundancy.

SB 749 (Thompson) revises the definition of a project subject to CEQA, provides flexibility to substitute equivalent or more effective mitigation measures after a mitigated negative declaration is prepared, and deletes requirements that an EIR examine short-term versus long-term productivity and irreversible environmental changes resulting from a project.

AB 314 (Sher) establishes deadlines for contracting for the preparation of an environmental document, establishes a streamlined judicial review schedule for CEQA challenges, and allows CEQA cases to be severed from other litigation,

which can expedite judicial review.

CEQA and affordable housing: Advocates for affordable housing often criticize CEQA as creating an impediment to the development of housing that low-income and moderate-income individuals can afford. They contend that residents with NIMBY (not-in-my-back-yard) sentiments use CEQA to oppose affordable housing projects, and that the cost and delay associated with complying with CEQA makes affordable housing projects too expensive to build.

To address this concern, SB 749 (Thompson) exempts from CEQA affordable housing projects in urbanized areas of up to 45 units that comply with local plans if adequate utilities are available, the site does not have value as wildlife habitat, and the site does not pose a risk from toxic contamination.

AB 3373 (Bustamante) provides a similar exemption for low- and moderate-income farmworker housing projects for projects of up to 45 units in urbanized areas and up to 20 units in nonurban areas if the project is consistent with local plans and zoning and no public financing is used.

Air Quality

California includes seven of the ten regions in the nation with the worst air quality, including Los Angeles, the region with by far the most polluted air in the country. State and federal laws set standards for allowable levels of air pollution and require programs to achieve the standards. The state standards are generally more stringent than federal standards, and federal law provides California with special authority to more strictly regulate sources of air pollution.

This year the Legislature enacted laws to combat two of the states most important air quality problems, particulates (PM10) and air pollution from motor vehicles. The Legislature also approved programs to track the progress of market-based air pollution control strategies, to reimburse owners of diesel engines for damage from reformulated diesel fuel required by the Air Resources Board, and to revise the regulatory procedures and fee authority of air districts.

Reducing auto pollution: The single largest contributor to air pollution in California is the automobile. Several bills provide new or revised tools to reduce emissions from motor vehicles, or to reimburse individuals harmed by past motor vehicle control efforts.

Existing law requires owners of cars and light-duty trucks in areas that do not meet air quality standards to get a smog check every two years. Cars with emissions that exceed state standards must be repaired to comply. Californias smog check program is a decentralized system of 9,000 private testing stations. Testing and repairs may occur at the same shop.

The 1990 federal Clean Air Act Amendments require California to implement an enhanced smog check program in those areas with the worst air pollution (Sacramento, Fresno, Kern, Los Angeles, Orange, Riverside, San Bernardino and San Diego counties).

In January, 1994 the Legislature passed a major smog check reform bill, SB 623 (Russell), providing for stricter fraud enforcement; a \$450 repair limit for most cars, with no cost ceiling for gross polluters or vehicles with tampered emission controls; changes in how fleets are tested; a statewide computer, enhanced training, dynamometer testing and other enhancements for smog test stations; and a remote sensing and roadside pullover program to catch gross polluters.

The federal EPA notified the state that the law did not meet the requirements set out in federal statutes and regulations. Specifically, the EPA argued that the law did not assure adequate separation of testing and repair of vehicles to eliminate fraud.

Under the federal act, the EPA is required to impose sanctions, including prohibitions on new or expanded stationary sources of air pollution such as factories and refineries and loss of federal transportation funds, on states that do not comply with federal air quality law. To avoid a major clash between the state and federal governments, a compromise smog check program was enacted this year and approved by the EPA.

SB 521 (Presley) requires implementation of a pilot test-only smog check program to test 15 percent of the vehicles in the areas that require an enhanced smog check program. If by 1996 the 15 percent cutoff fails to provide the air quality benefits anticipated, the test-only system would be expanded to cover a higher percentage of vehicles to meet the EPA performance standard.

SB 198 (Kopp and Russell) extends the time period for the first smog check for new cars from one year to two years after they are first registered and allows registrants to pay \$50 to receive an exemption from the first smog check. Funds would be used to implement a program to repair or replace high-polluting autos.

AB 2018 (Katz) sets up a pilot program to evaluate whether high-polluting vehicles can be identified and directed to test-only stations through remote sensing and other means of targeting; requires identified gross polluters, tampered vehicles, high-mileage fleet vehicles, and a two percent random sample of vehicles to be tested at test-only

stations; allows gross polluters and tampered vehicles to be tested annually rather than biennially for up to five years; raises the repair limit on vehicles that fail a smog check to \$450 effective January 1, 1995; and prohibits test-only stations from referring customers to any particular repair station.

A key strategy the state is pursuing to clean the air is a requirement that car companies sell a specified percentage of low-emission vehicles (LEVs) and zero-emission vehicles (ZEVs). One technology that meets the LEV mandate is compressed natural gas (CNG). The only technology that currently meets the ZEV mandate is the electric vehicle. Current law allows energy utilities to charge ratepayers for the costs of LEV and ZEV programs, such as development of vehicles and the fueling system if the programs are in the ratepayers interests. AB 3239 (Conroy) defines the ratepayers interests to be direct benefits that are specific to ratepayers in the form of safer, more reliable, or less costly gas or electric service. This definition is designed to ensure that utilities do not use ratepayer funds to unfairly compete in vehicle and fuel markets.

Many air quality districts have adopted regulations setting vehicle ridership targets and requiring employers to submit a trip reduction plan to encourage commuters to use alternative modes of travel in order to meet the targets.

AB 2358 (Sher) provides that air districts may delegate trip reduction rule-making powers to a city or county and must consider feasibility and cost-effectiveness and avoid duplication when adopting or amending trip reduction rules.

AB 1963 (Katz) requires congestion management agencies to coordinate their trip reduction responsibilities with air districts and requires each county congestion management program to conform to air quality plans and include a trip reduction and travel demand element that promotes alternative modes, telecommuting and parking cash-out programs.

Existing law allows air districts to establish programs using remote sensors or other methods to identify gross polluters and to provide financial incentives to encourage the repair or scrapping of those vehicles. Many employers contend that the trip reduction plans are costly and bureaucratic to administer, and that more effective ways exist to reduce motor vehicle emissions. SB 1336 (Leonard) allows employers to propose an alternative plan that would

achieve the same or greater emission reduction through remote sensing and repair of gross polluters and requires air districts to act on the proposal within 90 days.

Another approach to reduce auto emissions is contained in SB

2050 (Presley), which allows (but does not require) the San Diego and Ventura air pollution districts to implement a pilot program to reduce pollution miles driven by motor vehicles. Under this program, the Air Resources Board (ARB) would assign a smog index to each make and model of car sold in California. The district would set a target for the number of pollution miles driven annually, with a goal of reducing the target by five percent each year until state smog standards are met.

Cars registered in the pilot areas would have the number of pollution miles they drive calculated at the time the smog check is performed. If the car exceeds the target, the vehicle owner would be required to have a smog check performed annually instead of biennially. The state would implement a subsidy program to retrofit high-polluting vehicles with emissions retrofit devices certified by the state. Retrofitted vehicles would then be assigned a new, lower smog index.

Last year the ARB implemented rules requiring the production of reformulated diesel fuel with a lower content of smog-forming chemicals. The state rules were more stringent than federal diesel reformulation rules. Owners of diesel equipment contend that the reformulated fuel damaged engine components.

When the rules were put into effect, some diesel refiners were granted waivers and assessed a penalty intended to eliminate any potential financial windfall from the failure to produce the more expensive reformulated fuel. Prior law required that the penalties be used to pay for programs benefiting the environment. AB 3290 (Cannella) revised the law to provide that the penalty funds be used to reimburse owners of diesel-powered engines that demonstrate damage from the reformulated fuel.

Controlling particulates: There is growing concern about the health effects of small particulates in the air, also known as PM10 (particulate matter of 10 microns or less) which can lodge deep in the lungs and are suspected of contributing to respiratory disease, cancer and other health problems. Major sources of PM10 include tailpipe and industrial emissions, dust from roads, construction, erosion, and agricultural operations, and wood burning and wildfires.

Both the state and federal governments have adopted standards for PM10. The state standard is three times more stringent than the federal standard and is based on mortality information rather than lung function during a PM10 episode.

The ARB and local air districts are authorized to regulate

PM10. AB 2913 (Sher), the Particulate Matter Research Act of 1994, requires the ARB to study the causes of PM10, develop new control methods, and identify control strategies. The ARB is authorized to spend up to \$1.5 million to carry out the act.

Market-based pollution control: Under existing law, air districts can adopt market-based incentive programs to reduce air pollution as a substitute for traditional command-and-control regulations.

Market-based programs set an emission reduction standard or goal, and then allow pollution sources flexibility in how they meet the standards, including the ability to clean up pollution beyond the standards, bank the extra emission reductions as credits, and then trade the credits with other polluters who prefer not to reduce their own pollution to the level of the standard.

Last year the South Coast Air Quality Management District

(SCAQMD) adopted the RECLAIM program (Regional Clean Air Incentives Market) which allows industries in the Los Angeles basin to sell emission credits for nitrogen oxides (NOx) and sulfur oxides (SOx) on a market administered by the air district. The program is designed to steadily discount the emission reduction value of the credits to ensure continued progress in reducing emissions from industrial sources.

Under current law, the SCAQMD is required to hold public hearings on the RECLAIM program by 1998 and to review and revise the program by 2000. SB 455 (Presley) shortens this timeframe by requiring a progress report by July 1, 1998, creates an advisory committee to conduct a peer review of the progress report, and requires that the district not lower the emission threshold for mandatory participation in the RECLAIM program to include smaller sources of SOx and NOx.

Air pollution budgets and fees: The state generally provides only a small portion of the funding for most air districts. The largest source of district revenue is fees on regulated industries and permit holders. Districts also use fines and penalties to supplement their budgets. Those paying the fees and penalties contend that air districts have no incentive to reduce costs, since they can recover their costs with fees, and that the added cost of doing business makes the states economy less competitive with other states.

AB 1853 (Polanco) requires the SCAQMD to annually submit a three-year budget forecast to the ARB and its preliminary annual budget to the ARB and the Legislature. The bill also requires that the total air emission fees collected by the

district not exceed the level of expenditure in the 1993-94 fiscal year, plus adjustments for inflation and new statutory mandates.

Under federal law, the federal Environmental Protection Agency (EPA) is required to impose a Federal Implementation Plan (FIP) in any region or state that fails to adopt a plan to attain federal air quality standards. Last February a federal court ordered the EPA to prepare a FIP for the Los Angeles, Ventura, and Sacramento regions because their air plans were found deficient under federal law.

The proposed FIP includes several rules that could result in fees and fines. Under federal law, these fees and fines would be deposited in the federal treasury rather than spent to clean the air in California. AB 3817 (Sher) authorizes the ARB or a district subject to a FIP to adopt substitute, equivalent measures that generate revenues after adoption and implementation of a program by the federal EPA. The revenues would be spent within the district to lower fees, offset adverse economic and social impacts, and achieve air quality objectives.

Current law allows air districts to place a surcharge on vehicle registration fees of up to \$4 to fund air pollution programs. AB 2247 (Collins and Isenberg) allows the Sacramento Metropolitan Air District to increase the fee to \$6, with the additional funds used for financial incentives to repair or remove high-polluting vehicles and financial incentives to minimize the cost differential in the purchase price of heavy-duty gasoline and diesel-powered vehicles versus clean fuel vehicles.

Air pollution regulations and procedures: Air districts are empowered to regulate a number of sources of pollution, including stationary sources such as factories, dry cleaners, power plants and refineries, indirect sources that generate motor vehicle trips such as office parks and shopping centers, and areawide sources such as paint for buildings and spraying of pesticides.

Districts are required to go through an elaborate and time-consuming rule-making process in adopting regulations and granting variances for air pollution sources under their authority. Businesses often complain that the regulatory process is more cumbersome, costly, and time-consuming than

it needs to be.

In the last several years the Legislature has enacted several laws intended to streamline the air quality permitting process. AB 3119 (Quackenbush) makes a number of technical changes relating to caps on permit fees, transfers of operating permits from one location to another, liability for exceeding emissions caps, and variances and standards to

conform to federal law. AB 2090 (Aguiar) clarifies that permit streamlining procedures apply only when an applicant has provided all information required by current law.

Under current law, each air district has a hearing board that can grant variances to district rules. Variances must be granted to individuals, and cannot be used to relieve broad categories of products from compliance with district rules. This system sometimes fails, as when new products are marketed before districts can adopt rules to regulate them, or when technological developments required to clean the air lag behind the timelines anticipated by the district. In these instances, each individual user must file for individual relief, overwhelming the case-by-case variance process.

To address this concern, AB 2680 (Bowen and Pringle) allows any person who manufactures a product to petition an air district for a product variance. Petitioners can apply for an interim product variance while the application is under review. The district may impose conditions on product variances, so long as they are not more onerous than those required by statutes or rules, and must set beginning and ending dates for the variance, not to exceed two years. Variances that result in injury, damage, or nuisance or that endanger the comfort, health or safety of the public may not be granted.

Toxics

State superfund: State and federal superfund laws govern the identification, cleanup, and use of sites contaminated by toxic materials and hazardous wastes. Both the state and federal programs are complex, costly, and time-consuming to administer.

Critics say much of the funding provided to clean up superfund sites goes instead to pay for protracted litigation to determine the allocation of liability for cleanup costs. In the process, toxic sites remain contaminated, and the public picks up the orphan share of cleanup costs when companies go bankrupt or go out of business to avoid liability.

SB 923 (Calderon) allows the Department of Toxic Substances Control (DTSC) to select up to 30 state superfund sites to participate in a pilot program of toxic containment rather than cleanup. Under the program, parties responsible for a toxic waste site could petition for inclusion.

Responsible parties could request arbitration of their portion of liability for site cleanup and containment, based on equitable factors and principles of fairness instead of being subject to the principle of joint and several liability. A special state fund would be created to assume

liability for orphan shares, although the bill does not appropriate any money into the fund.

Toxic contamination on the site would be contained (rather than completely cleaned up as currently required) and future land uses would be restricted in accordance with the potential hazard remaining on the site. While this will return land to productive use sooner than otherwise expected, it could preclude all but industrial uses at many sites for the foreseeable future.

Once the containment plan was completed to the satisfaction of the DTSC, responsible parties would be relieved of liability to monitor the site, implement new cleanup techniques, or clean up any additional contamination found in the future.

To resolve disputes over the cleanup, liability, and

enforcement decisions of the DTSC, SB 923 requires the Cal-EPA Secretary to convene an arbitration panel of state officials and private individuals selected by the responsible parties. The decisions of the panel can be appealed in court.

The state superfund law generally makes the owners and operators of hazardous substance facilities and the generators and transporters of hazardous substances strictly liable for cleanup and remediation costs. AB 3201 (Baca) grants a developer or lender who signs a stipulated agreement with the DTSC for cleanup of parcels of the contaminated Kaiser Steel Mill site in Fontana qualified immunity from liability from future cleanup costs.

Hazardous waste management: Federal law, the Resource Conservation and Recovery Act (RCRA), regulates the handling, shipment, treatment and disposal of a number of hazardous wastes. State law also classifies some wastes as hazardous that are not included under the federal law. These are known as non-RCRA wastes.

State law allows the DTSC to de-classify non-RCRA hazardous waste as non-hazardous if it determines that it has chemical or physical properties that render it insignificant as a hazard; to classify a waste as a special waste with a relatively low hazard, allowing it to be disposed at a non-hazardous landfill; and to issue a variance from hazardous waste law provisions for waste management activities it determines are insignificant or unimportant hazards to public health, safety, and the environment. AB 3770 (Sher) requires the DTSC to provide public notice and an opportunity to comment prior to making any of these determinations.

State law sets four treatment tiers for non-RCRA wastes, from standardized permits (the most restrictive), through

permit-by-rule, conditional authorization, and conditional exemption (the least restrictive). The DTSC regulates the treatment of these wastes. SB 657 (Campbell) exempts a treatment process for corrosivity known as elementary neutralization from the four-tier treatment system.

State law provides that any facility that handles RCRA waste must obtain a RCRA equivalent permit. Facilities handling only non-RCRA wastes may get a standardized permit, which is less complex and costly to obtain. However, state law prohibits issuing a standardized permit to a facility that treats used oil or solvents. SB 1579 (Wright) provides an exemption for facilities that treat only solvents used in dry cleaning, if they treat no more than 6000 gallons a month and the solvents are recycled for use in dry cleaning.

State and local agencies routinely inspect hazardous waste facilities for violations of state laws and regulations. Current laws require all violations to be reported and penalties to be assessed, even if the violation is minor or can be easily corrected.

SB 1899 (Peace) establishes a separate process for enforcing minor violations of hazardous waste laws and regulations. Inspectors would issue a notice to comply for minor violations noting the requirements and time period for making corrections. Violations that can be corrected immediately would not be cited. Violations must be corrected within 30 days, and the DTSC must maintain a public record of minor violations.

SB 1747 (Calderon) requires the DTSC to enforce hazardous waste laws in a manner that treats all members of the regulated community equally and consistently and to establish an administrative penalty procedure for different categories of Class I (the most serious) violations, with a base level of fines for each category and specific mitigating and aggravating factors to be used to determine the penalty.

Existing law requires hazardous waste treatment operators to provide financial assurances that a treatment unit can be

closed properly after operations are terminated and that the operator can respond adequately to third party liability claims arising out of the operation of the unit. In 1991 the Legislature exempted hazardous waste units operating under the permit-by-rule tier from these financial assurance requirements until January 1, 1994. In 1993 the legislature extended the exemption to January 1, 1995.

SB 762 (Wright) extends the exemption for third party liability (but not proper closure of treatment units) through January 1, 1998 and requires the DTSC to study and

report to the Legislature by March 31, 1997 on hazardous waste releases to determine the extent to which third party liability is an issue.

SB 2071 (Calderon) requires owners of sites where hazardous materials have been spilled to notify potential responsible parties of the spill. Responsible parties would have 90 days to respond with a binding commitment to clean up the spill. If a commitment is made, the responsible party would be liable for a site investigation and remediation, but damage claims may not accrue for the period after the commitment is issued. Civil actions against the responsible party, except for personal injury, wrongful death, or for fraud or misrepresentation, would be stayed for up to two years while site investigation or remedial actions are proceeding.

Underground tanks: In 1983 the state established a program to regulate underground tanks storing industrial solvents, degreasers, and motor vehicle fuel. Under the program, tank owners are required to get permits to operate the tanks, test them for leaks, and upgrade them to meet containment and monitoring standards. The program is administered by the Regional Water Quality Control Boards. There are about 200,000 underground tanks in the state, 20,000 of which were found to be leaking, contaminating soils and groundwater.

The state assesses a fee of 6 mills for every gallon of petroleum placed in an underground tank to fund a program to reimburse tank owners for cleanup costs exceeding \$10,000, up to a maximum claim of \$990,000. The fund raises about \$76 million annually. Based on claims to date, it will take 20 years to fully fund reimbursement costs to clean up leaking tank sites.

Concerns with the current program include the financial impact of the \$10,000 deductible on homeowners, small businesses, and nonprofit organizations that own leaking tanks, and the slow pace of cleanup that continues to pose an environmental risk and contributes to neighborhood blight from abandoned service stations and other closed facilities with leaking tanks.

To address these concerns, SB 1764 (Thompson) reduces the deductible for small businesses, government agencies and nonprofits to \$5,000 and eliminates the deductible for homeowners, requires tank owners to submit a cleanup work plan soon after receiving a notice, speeds up the payment of claims for reimbursements, and increases the mill assessment on each gallon to 7 mills in 1995, 9 mills in 1996, and 12 mills in 1997, which will cut the time to fully fund reimbursements from 20 years to 10 years.

FAMILY LAW

The Legislature sought in 1994 to refine the state child support guideline, to improve child support enforcement and to address difficult child custody issues.

Child Support Guideline

The Legislature adopted the statewide uniform child support guideline in 1992. Prior to the enactment of the new guideline, several studies showed California's average child support orders were significantly lower than other states. The new guideline has raised awards in California. The

controversy surrounding this new guideline continues to vex public policy makers, and a number of bills were pursued in 1994 to reduce child support orders. Only a few of these measures passed in 1994.

Senator Calderon authored SB 279 which affects the guideline by allowing the court to consider the income of a subsequent spouse, if the remarried parent relies on his or her new spouse's income to remain unemployed or underemployed.

The California guideline allows certain expenses to be deducted from income before child support is calculated. AB 3780 (Knowles) would allow the deduction of voluntary retirement benefits (mandatory retirement benefits are already deductible) and other reasonable, necessary and not extravagant expenditures required to earn income.

AB 923 (Speier) reduces child support orders for low-income parents by revising the method of calculating child support for obligor parents whose monthly net disposable income is less than \$1,000. In addition, AB 923 creates a number of child support enforcement tools.

Child Support Enforcement

In the last few years, the Legislature has passed a series of reform bills to improve child support collections. According to the state Office of Child Support Enforcement, Californias children are owed some \$3.8 billion in unpaid child support. U.S. Census figures for 1989 indicate that only 50 percent of those who had obtained a support order had received full payment, 25 percent received less than the amount ordered, and 25 percent received no support at all.

One very promising enforcement method was started as a pilot project in six counties in 1993 pursuant to AB 3589 (Speier), enacted in 1992. This measure required the Franchise Tax Board (FTB) to design, test and implement a child support collection program. Under this program,

district attorneys forward the names of delinquent parents to the FTB, after the district attorney tries and fails to collect. This program is extremely successful. FTB expects to collect \$13.9 million on an annual basis for the six pilot counties. AB 923 (Speier) expands statewide the FTB collection program.

Other enforcement provisions in AB 923 include allowing the Department of Motor Vehicles (DMV) to take away the commercial drivers license of parents who fail to pay child support, and allowing the state to deny the issuance or renewal of professional licenses to delinquent parents. The denial of a professional license was established as a trial program in 1991, and AB 923 removes the repeal date. In August, Governor Wilson proposed suspending driving privileges to all delinquent parents, however the Governors recommendation was not introduced in legislative form in 1994.

Attempts were made in 1994 to reform the whole administrative system for child support enforcement. Under the current structure, the child support program is administered by county district attorneys and supervised by the State Department of Social Services. SB 407 (Hughes) would have reorganized this structure and created a new Department of Child Support Enforcement in the Health and Welfare Agency. This measure was sent to interim study; reintroduction is likely.

Concealment

Several bills were introduced in 1994 concerning child support payments when the custodial parent is concealing the location of the child. The lead measure was SB 1519 (Calderon). This bill terminates the obligation of the noncustodial parent to pay child support where the custodial parent conceals the child.

Health Insurance

Under SB 577 (Greene) Sacramento children receiving child support through the county district attorneys office may obtain low-cost health insurance. This is a pilot program which may go statewide if its successful in Sacramento county. Blue shield has agreed to provide the low-cost group health insurance.

Child Custody

Existing law requires the mediation of contested custody cases. Mediators, investigators and evaluators are involved in this mediation process. SB 577 (Greene) allows divorcing spouses to challenge the assigned custody evaluator with or without cause, and it requires mediators,

investigators and evaluators to receive gender bias training.

AB 356 (Snyder) allows judges to deny child visitation rights to a person against whom a temporary restraining order has been granted when allegations of domestic violence or child abuse have been made.

A number of hotly debated child custody bills did not pass the Legislature in 1994. Three bills were introduced, SB 1350 (Watson), SB 1528 (Wright), and AB 3041 (Bornstein), which would have revised the law concerning when the custodial parent can move to another city or state. AB 2856 (Harvey) would have created a legislative preference for joint custody.

HEALTH

Highlights of Health Legislation

Health Insurance Practices

While health care reform continues to be debated in Washington, the Legislature passed several bills dealing with health insurance practices designed to broaden access to various types of coverage, increase accountability of health plans, and curtail discriminatory practices.

A number of bills beef up standards governing denials of enrollment or coverage. SB 1146 (Johnston) prohibits insurers from using genetic screening tests to determine eligibility for coverage. SB 1816 (Torres) requires health insurance plans to provide coverage for participation in clinical trials that meet certain criteria and grants injunctive relief when a health plan denies coverage of lifesaving or life-prolonging medical treatment.

SB 1348 (McCorquodale) and SB 1832 (Bergeson) require health plans to establish and disclose the protocols and standards used in determining whether a medical service is a covered benefit. The bill also requires plans to use health personnel in the review of contested claims with training, educational background, and experience equivalent to the provider who appeals the rejection of a claim.

Finally, AB 3244 (Epple) requires health insurers to provide specified information to patients with a terminal illness if coverage is denied because the treatment requested is deemed experimental.

Similarly, a number of bills mandate extension of coverage to various categories of individuals or for various types

of services. SB 1780 (Torres) requires health insurance plans to offer treatment for infertility on the same terms and conditions as other benefits.

SB 1910 (Greene) requires employers to offer continuation health and dental coverage under group insurance plans to certain persons who are at least 60 but not yet eligible for Medicare who leave their employer. AB 3655 (B. Friedman) provides that a person who has a lapse in coverage from an employer-sponsored health plan may credit the period of prior coverage to any preexisting condition

waiting period in a new plan of coverage if coverage is obtained within 180 days.

Finally, SB 38 (Torres) extends the prohibition on denying Medi-Gap policies during the six month period following enrollment in Medicare Part B to persons under 65 who become eligible for Medicare due to disability.

Long-Term Care Services

The Legislature passed important bills dealing with patient restraint, health decision-making for incapacitated persons, furthering the right of residents of long-term care facilities to reside in the least restrictive setting, and curtailing elder abuse.

SB 895 (McCorquodale) establishes procedures to be used when seclusion or restraint is used in the treatment of patients in mental health facilities.

AB 1139 (Epple) extends current law which allows multi-disciplinary teams in skilled nursing facilities to make health care decisions on behalf of patients who lack the capacity to make such decisions and have no other surrogate decision maker.

SB 1492 (Mello) eliminates current restrictions that hinder individuals and privately-owned organizations from operating Adult Day Health Care centers. SB 1493 (Mello) allows residential care facilities for the elderly to retain bedridden residents and not transfer those residents to skilled nursing facilities, if they have appropriate staffing, mechanical devices, and safety procedures in place.

SB 1681 (Mello) adds Alzheimers Disease Day Care Centers, IHSS agencies, vocational rehabilitation facilities, independent living centers, and others to the list of facilities or services required to report actual or suspected cases of elder abuse. AB 3477 (OConnell) requires home health aides, certified nurse assistants, and IHSS providers to undergo a criminal background check as a condition of employment.

Womens Health

The Legislature passed bills to ensure that womens health needs are adequately covered by health insurance plans and policies.

AB 2493 (Speier) requires all health insurance plans that provide hospital, medical, or surgical coverage to recognize obstetrician-gynecologists as primary care providers.

In addition, AB 2849 (Escutia) requires the Department of Health Services, with the assistance of other state agencies, to develop and implement a pilot project to provide model womens HIV early intervention centers.

Finally, the Legislature passed AB 2200 (Speier), establishing a permanent Office of Womens Health within the Department of Health Services, responsible for developing a coordinated strategy for addressing the health needs of women.

Domestic Partners

The Legislature passed legislation AB 2810 (Katz) extending hospital visitation rights to registered domestic partners.

Public Health

The Legislature passed landmark legislation controlling smoking in enclosed places of employment. In addition, the Legislature passed legislation appropriating Proposition 99 tobacco tax funds for a variety of health education and health care treatment programs for 1994-95 and 1995-96.

SB 1927 (Hayden) requires the Department of Health Services to develop a program to reduce the availability of tobacco products to minors, including random on-site inspections of retail sites. The bill also establishes new penalties for selling or providing tobacco products to persons under 18.

AB 13 (Friedman) bans smoking in enclosed places of employment with certain limited exceptions. The bill exempts employers with five or fewer employees from the ban if certain conditions are met and allows stronger local regulation in areas not subject to complete prohibition under the bill. The bill is in conflict with Proposition 188 on the November ballot, which would establish weaker statewide standards and preempt stronger local regulations.

AB 816 (Isenberg) appropriates Cigarette and Tobacco

Products Surtax Funds (C&T) monies for various health education programs, health care services, and research activities for 1994-95 and 1995-96.

AIDS

The Legislature for the third time passed legislation allowing local jurisdictions to establish clean needle and syringe exchange pilot projects. AB 2610 (Bronshvag) would authorize pharmacists, physicians, and others to exchange hypodermic needles and syringes without prescription or permit, under established pilot projects, to deter the spread of HIV infection among IV drug users. Previous bills have been vetoed by the Governor.

In addition the Legislature passed legislation expanding testing for HIV without consent. SB 1239 (Russell) allows the testing of a patient for HIV without consent and allows the exposed individual to be informed of the HIV status of the patient. AB 2815 (Boland) (Chapter 121, Statutes of 1994) broadens the list of crimes for which a judge may order an HIV test of a defendant, if there is a probable cause for transmission.

Hospital Seismic Safety

In the wake of the Northridge earthquake earlier this year, the Legislature passed legislation beefing up earthquake standards for hospitals. SB 1953 (Alquist) requires the Office of Statewide Health Planning and Development to develop seismic standards for the retrofitting and construction of hospitals and for upgrading of non-structural systems. The bill sets cutoff dates for the use of hospitals that pose a potential for collapse or risk of significant loss of life.

List of Bills By Subject Area

Health Insurance

SB 38 (Torres)--Extends the prohibition on denying Medicare supplemental policies (Medi-Gap) during the six month period following enrollment in Medicare Part B to persons under 65 who become eligible for Medicare due to disability.

SB 1146 (Johnston)--Prohibits an insurer from refusing to enroll a person because he or she has a genetic characteristic that may be associated with a disability in that person or that persons offspring.

SB 1348 (McCorquodale) and SB 1832 (Bergeson)--Require health insurance plans to establish and disclose the protocols and standards used in determining whether a

medical service is a covered benefit. Require plans to use health personnel in the review of contested claims with training, educational background, and experience equivalent to the provider who appeals the rejection of a claim.

SB 1430 (Johnston)--Enacts a licensing and regulatory scheme for Multiple Employer Welfare Arrangements (MEWAs), pooling arrangements that allow small employers to receive

the benefits of self-insuring.

SB 1780 (Torres)--Requires health insurance plans to offer treatment for infertility on the same terms and conditions as other benefits and exempts such coverage from lifetime limits or other restrictions, limits copayments to 20 percent of cost, and requires insurers to communicate the availability of coverage.

SB 1816 (Torres)--Requires health insurance plans to provide coverage for the participation of an enrollee or subscriber in a clinical trial that meets certain criteria. Grants an insured patient with a life-threatening illness or condition injunctive relief when a health plan denies coverage of life-saving or life-prolonging medical treatment.

SB 1845 (Mello)--Prohibits deductibles or copayments greater than \$10 for the mandated preventive care for children.

SB 1910 (Greene)--Requires employers who provide health or dental coverage under an employer-sponsored plan to give any employee who has worked for that employer for at least five years and is 60 years of age or older on the date employment ends, and their spouse, access to continuation coverage until the former employee turns 65, is eligible for Medicare or other coverage or, in the case of the spouse, five years from the date employment ends.

AB 2493 (Speier)--Requires all health care service plan contracts, disability insurance policies, and nonprofit hospital service plan contracts that provide hospital, medical, or surgical coverage to recognize obstetrician-gynecologists as primary care providers.

AB 3244 (Epple)--Requires health insurers to provide specified information to patients with a terminal illness if coverage is denied because the medical treatment requested is deemed experimental.

AB 3260 (Bornstein)--Requires health insurance plans and policies to prominently display notices in contracts concerning requirements for an insured to resolve medical malpractice disputes through binding arbitration.

AB 3390 (B. Friedman)--States that it is the policy of the state that health care practitioners not be terminated by health plans or retaliated against for advocating appropriate health care for their patients.

AB 3655 (B. Friedman)--Provides that a person who has a lapse in coverage from an employer-sponsored health plan may credit the period of prior coverage to any preexisting condition waiting period in a new plan of coverage if coverage is obtained within 180 days.

AB 3801 (Margolin)--Requires the Department of Corporations to produce an annual report providing information about the revenues and expenses of licensed health care service plans. Expands existing law pertaining to disclosure in marketing materials of medical loss ratios.

Health Professionals

SB 1279 (Torres)--Creates a peer review structure and provides immunity for acupuncturists doing peer reviews on others.

SB 1364 (Marks)--Authorizes the prescription of marijuana for treatment of pain and other symptoms associated with chronic, incurable, or terminal disease.

SB 1402 (Greene)--Prohibits the Medical Board from disciplining a physician for prescribing controlled substances to a patient in a hospital who is in chronic pain. Chapter 222, Statutes of 1994.

SB 1427 (Mello) - Prohibits pharmacists from substituting a drug product with a different dosage form, which affects the

method or pattern of release of the drug into the human body, from that prescribed.

SB 1557 (Thompson)--Provides civil and criminal immunity to health care providers who honor a request to forego resuscitative measures by a patient. The bill is similar to SB 1797 of 1992 which was vetoed by the governor.

SB 1642 (Craven)--Extends authority to physician-assistants to dispense and to transmit prescriptions for drugs and devices under the supervision of a licensed physician.

SB 2039 (McCorquodale)--Requires the Board of Psychology, Board of Behavioral Science Examiners, and the Respiratory Care Board to automatically revoke the license of a practitioner who is found to have engaged in any prohibited sexual contact with a patient.

AB 1855 (Isenberg) - By January 1, 1998, requires the University of California to ensure that 51 percent of

UC-funded residency positions are in primary care and 17 percent in family practice. Beginning in 1998, reduces General Fund support by specified amounts if the required percentages are not met.

AB 2956 (V. Brown et al.)--Prohibits the Board of Behavioral Science Examiners from issuing a registration or license to a person who has been convicted of any crime involving sexual abuse of children or who has been ordered to register as a mentally disordered sex offender.

Long-Term Care Services

SB 895 (McCorquodale)--Would establish procedures to be used when seclusion or restraint is used in the treatment of patients in mental health facilities. Requires health care practitioners in deciding whether to use medication, seclusion, or physical restraint to give consideration to the patients preferences.

SB 1028 (Thompson)--Brings state law into conformity with federal regulations by removing requirements that IHSS personal care services must be prescribed by a physician and that providers be supervised by a registered nurse. Requires the Department of Social Services to report to the Legislature by March 1, 1995 on the actions to be taken to conform IHSS with the work incentive provisions of the federal Employment Opportunities for Disabled Americans Act.

SB 1368 (Peace)--Requires a public social worker to consider whether an individual is compatible with other residents of an adult residential care facility before referring that individual to that facility, specifically considering any medical diagnoses or behavioral problems the person may have.

SB 1484 (Peace)--Authorizes counties to establish or designate entities to act on behalf of IHSS recipients who are designated as employers and who elect not to, or are unable to, ensure compliance with all applicable federal, state, and county wage, hour, and workplace laws.

SB 1492 (Mello)--Eliminates current restrictions that hinder individuals and privately-owned organizations from operating Adult Day Health Care centers.

SB 1493 (Mello)--Revises the current statutory prohibition against retaining bedridden individuals in residential care facilities that have appropriate staffing, mechanical devices, and safety procedures in place.

SB 1681 (Mello)--Adds Alzheimers Disease Day Care Centers, IHSS agencies, vocational rehabilitation facilities,

independent living centers, private assistance agencies, and clients rights advocate organizations to the definition of care custodian, thereby making them mandated reporters of actual or suspected abuse.

SB 1857 (Watson)--Establishes a registry system through the Secretary of State by which any person who has executed a Durable Power of Attorney for Health Care or a Natural Death Act declaration may make any information regarding that action available to any health care provider, legal guardian, or any person authorized by the principal.

SB 1944 (Killea)--Authorizes IHSS recipients who receive services through a contractor or managed care provider to select his or her provider from among the employees of the contracting agency. Chapter 349, Statutes of 1994.

AB 1139 (Epple)--Extends current law which allows multi-disciplinary teams in skilled-nursing facilities to make health care decisions on behalf of patients who lack the capacity to make such decisions and have no other surrogate decision maker.

AB 3477 (OConnell)--Requires home health aides, certified nurse assistants, and providers employed under the In-Home Supportive Services Program to undergo a criminal background check as a condition of employment.

Health Facilities & Services

SB 697 (Torres)--Requires private, not-for-profit hospitals to periodically assess community needs, develop plans to provide community benefits, and report on their provision of community benefits.

SB 1079 (Watson)--Requires hospitals, upon request, to make their patient classification systems and staffing ratios known to consumers or the public.

SB 1603 (Maddy)--Authorizes the Department of Health Services to require hospices to comply with standards developed by the California State Hospice Association in order to qualify for licensure, until DHS adopts alternative standards by regulation.

SB 1953 (Alquist)--Requires the Office of Statewide Health Planning and Development to develop seismic standards for retrofit design, construction, and field reviews and for upgrading non-structural systems at risk of failure from an earthquake. Sets cut-off dates for the use of hospital buildings for acute care purposes that pose a potential for collapse or risk of significant loss of life and for the ultimate demolition, replacement, or retrofitting of unsafe buildings.

AB 595 (Speier)--On or after July 1, 1996 prohibits any physician and surgeon from performing surgery in an outpatient setting using specified levels of anesthesia unless the setting is licensed by the Medical Board.

AB 3496 (B. Friedman)--Requires general acute care hospitals, upon the request of the patient, to notify specified individuals within a specified period of time after placing the patient in physical restraints.

AB 2810 (Katz)--Provides for the registration of domestic partners with the Secretary of State. Grants limited new rights to registered domestic partners, including hospital visitation rights.

Mental Health

AB 757 (Polanco)--Requires the Department of Health Services, in conjunction with the Department of Mental Health, to ensure that all systems for Medi-Cal managed care include a process for screening, referral, and coordination with medically necessary mental health services. Designates the Department of Mental Health as the state agency responsible for developing a plan to implement local mental health managed care for Medi-Cal beneficiaries.

Medi-Cal

SB 167 (Rosenthal)--Establishes the Medi-Cal Consultation

Council to consult with the Director of the Department of Health Services and staff on proposed changes to the Medi-Cal program.

SB 1371 (Bergeson)--Prohibits the California Childrens Services Program from being incorporated into the Medi-Cal managed care system until three years after implementation.

SB 2092 (Watson)--Authorizes Los Angeles County to establish a commission for the delivery of health care services to county residents. The Commission would be authorized to serve Medi-Cal, Medicare, public and private employees, and uninsured or indigent patients. The Commission would be the designated local plan which the Department of Health Services would contract with under its managed care expansion plan.

AB 2755 (Lee), and AB 3221 (Jones) would establish similar commissions in San Francisco and Alameda county (AB 2755), and San Joaquin and Tulare counties (AB 3221).

AB 1040 (Archie-Hudson)--Changes the accounting for revenues payable to disproportionate share hospitals to an accrual

basis to shift back the receipt of revenues in the 1993-94, 1994-95, and 1995-96 fiscal years and to prevent some portion of the 1995-96 payments from being subject to recently enacted federal limitations. Chapter 120, Statutes of 1994.

AB 2377 (Committee on Ways and Means)--Makes changes to Medi-Cal and other health programs as required by the 1994-95 Budget Act, including the following:

1. Establishes procedures for the Medi-Cal administrative claiming process between the Department of Health Services and participating local governmental agencies in order to maximize available federal funds. Also requires each local governmental agency participating in the Medi-Cal administrative claiming process to transfer to DHS an amount needed to yield a total reimbursement of \$200 million annually for support of the Medi-Cal program. 1. Establishes procedures for the Medi-Cal administrative claiming process between the Department of Health Services and participating local governmental agencies in order to maximize available federal funds. Also requires each local governmental agency participating in the Medi-Cal administrative claiming process to transfer to DHS an amount needed to yield a total reimbursement of \$200 million annually for support of the Medi-Cal program.
2. Requires governmental entities operating hospitals to increase the amount of funds transferred to the state for purposes of garnering matching federal disproportionate share hospital payments by \$85 million in the 1994-95 and 1995-96 fiscal years.2. Requires governmental entities operating hospitals to increase the amount of funds transferred to the state for purposes of garnering matching federal disproportionate share hospital payments by \$85 million in the 1994-95 and 1995-96 fiscal years.
3. Reduces the maximum number of prescriptions per month that a Medi-Cal beneficiary can get without prior authorization from ten to six.3. Reduces the maximum number of prescriptions per month that a Medi-Cal beneficiary can get without prior authorization from ten to six.
4. Requires drug manufacturers to provide DHS a supplemental 10 percent rebate for each prescription drug reimbursed through Medi-Cal, less any state supplemental rebate currently provided.4. Requires drug manufacturers to provide DHS a supplemental 10 percent rebate for each prescription drug reimbursed through Medi-Cal, less any state supplemental rebate currently provided.
5. Reduces by 50 cents per prescription the

reimbursement to pharmacists for dispensing drugs prescribed for Medi-Cal beneficiaries.5. Reduces by 50 cents per prescription the reimbursement to pharmacists for dispensing drugs prescribed for Medi-Cal beneficiaries.

6. Requires DHS to implement a dental managed care program for Medi-Cal beneficiaries.6. Requires DHS to implement a dental managed care program for Medi-Cal beneficiaries.

7. Adopts the federal option to waive the use of an asset test when determining Medi-Cal eligibility for pregnant women and infants with income below 185 percent of the federal poverty level.7. Adopts the federal option to waive the use of an asset test when determining Medi-Cal eligibility for pregnant women and infants with income below 185 percent of the federal poverty level.

8. Adopts the federal option to provide Medi-Cal coverage for allowable tuberculosis-related services for certain low-income persons infected with TB. Chapter 147, Statutes of 1994.8. Adopts the federal option to provide Medi-Cal coverage for allowable tuberculosis-related services for certain low-income persons infected with TB. Chapter 147, Statutes of 1994.

AB 3232 (Alpert)--Requires the Department of Health Services to exercise the federal option to provide medical services to Medi-Cal eligible persons infected with tuberculosis.

AB 3558 (B. Friedman)--Requires Medi-Cal managed care plans to provide all federally mandated screening, diagnosis, and treatment services for Medi-Cal eligible children. The bill is pursuant to a 1993 federal survey which found that routine health assessments, required care management activities, and reports on services were not consistently being provided by managed care plans.
Rural Health

SCR 57 (Thompson)--Requests the Department of Health Services and Office of Statewide Health Planning and Development to consolidate their rural health programs in one central Office of Rural Health. Res. Chapter 90, Statutes of 1994.

Public Health and Safety

SB 1099 (Calderon)--Extends the current sunset for limited authorization to use paid donors for the collection of

blood platelets to December 31, 2001. Also requires blood banks that acquire blood platelets from paid donors to report certain information to the Department of Health Services.

SB 1471 (Bergeson)--Allows school nurses who have a services credential with a specialization in health and who complete a special class to teach health courses to preschool, grades K-12, and adults. Chapter 172, Statutes of 1994.

SB 1927 (Hayden)--Implements federal law requiring states to enforce laws banning the sale of tobacco to minors. Requires the Department of Health Services to develop a program to reduce the availability of tobacco products to minors, including random, on-site inspections of retail sites. Establishes new penalties for selling, giving, or furnishing tobacco products to persons under 18.

SB 2025 (Bergeson)--Would allow the Department of Corrections and the Youth Authority to examine, test, or isolate any inmate or ward likely infected with a communicable disease.

SJR 32 (Hart)--Urges the President, the Congress, and American tobacco companies to take specified actions regarding the marketing of tobacco products internationally.

AB 13 (Friedman)--Bans smoking in enclosed places of employment with certain limited exceptions. Exempts employers with five or fewer employees from the ban if certain conditions are met. Allows stronger local regulation in areas not subject to complete prohibition under the bill. Chapter 310, Statutes of 1994.

AB 816 (Isenberg)--Appropriates Cigarette and Tobacco Products Surtax Funds (C&T) monies for various health education programs, health care services, and research activities for 1994-95 and 1995-96. Redirects a significant portion of Proposition 99 Research Account funds to health care services, including the Access for Infants and Mothers (AIM) program, California Childrens Services program, and Child Health and Disability Prevention program. States legislative intent that the University of California contract for independent research, evaluation, and monitoring of all health spending funded by Prop. 99 that would recommend future spending priorities to the Legislature. Requires the Department of Health Services to conduct or contract for an evaluation of tobacco use prevention and education programs. Targets eligibility for AIM to women and infants with incomes between 200 and 250 percent of the poverty level. Chapter 195, Statutes of 1994.

AB 3128 (Speier)--Repeals requirements that applicants for marriage licenses obtain marriage health certificates and obtain blood tests for syphilis and rubella. Chapter 197, Statutes of 1994.

AB 3787 (V. Brown)--Establishes sanitation and safety standards for persons engaged in tattooing, body piercing, or permanent cosmetics.

ACR 90 (Burton)--Requests the Occupational Safety and Health Standards Board to adopt an occupational safety and health standard for indoor air quality. Requests the Division of Occupational Safety and Health to work in consultation with prescribed entities to develop proposed standard by December 31, 1995.

Family and Childrens Health

SB 1862 (Watson)--Requires the Department of Health Services to convene a WIC personnel recruitment and training working group to develop a state plan to refer job training participants to job openings and to develop recruitment strategies and advancement opportunities with special attention to recruiting staff who reflect ethnic and cultural diversity.

AB 1171 (Alpert)--Authorizes local health officers, in conjunction with the Department of Health Services, to operate comprehensive immunization registry systems.

AB 2717 (Morrow)--Requires families applying for eligibility for the California Childrens Services program to agree to pay the program for any services authorized by the program if money has been received from a judgment, award, or settlement related to a medically eligible condition. Reimbursement would be limited to the amount of the judgment, award, or settlement.

Drug and Alcohol Use

AB 2948 (Vasconcellos)--Establishes the California Task Force to Prevent Drug and Alcohol Abuse, comprised of 23 members, to prepare a strategic plan to prevent and treat drug and alcohol abuse in the state.

AIDS and HIV

SB 1239 (Russell)--Allows the testing of a patient for HIV without consent if a health care provider or first responder has experienced significant workplace exposure. Also allows for the exposed health care provider to be informed of the HIV status of the patient but does not provide the disclosure of the patients identity.

AB 2610 (Bronshvag)--Establishes the Clean Needle and Syringe and Exchange Pilot Project. Authorizes pharmacists, physicians, and others to exchange hypodermic needles and syringes, under established pilot projects, without prescription or permit to deter the spread of HIV infection among IV drug users. A similar Senate bill, SB 1048 (Watson) stalled in Assembly Ways and Means.

AB 2815 (Boland)--Broadens the list of crimes for which a judge may order an HIV test of a defendant, if there's probable cause for transmission. Chapter 121, Statutes of 1994.

AB 2849 (Escutia)--Requires the Department of Health Services, with the assistance of other state agencies, to develop and implement by July 1, 1995, a pilot project to provide model women's HIV early intervention centers.

AB 3102 (Martinez)--Designates the State Office of AIDS as the lead state agency for coordinating state programs, services, and activities relating to HIV, AIDS, and ARC.

AB 3501 (Martinez)--Requires the State Office of AIDS to study and evaluate AIDS education, prevention, funding, and service efforts provided to the Latino population of the state. Also requires the Insurance Commissioner to investigate the extent of health insurance coverage for Latinos and, in particular, Latinos with AIDS, and the extent to which lack of coverage is due to discriminatory practices.

Womens Health

AB 2200 (Speier)--Establishes an Office of Women's Health within the Department of Health Services. Requires DHS to establish an interagency task force on women's health responsible for developing a coordinated strategy for addressing the health needs of women.

County Health Services

SB 151 (Watson) - Extends authority for Los Angeles County to use accounting changes regarding the receipt of federal funds, to enable it to meet the maintenance of effort requirement for receipt of tobacco surtax funds, for the 1994-95 year.

SB 1026 (Thompson and Leslie)--Authorizes smaller counties participating in the County Medical Services Program to establish a CMSP Governing Board to determine program eligibility and benefit levels, establish procedures for entry and disenrollment of counties from CMSP, establish cost containment and case management procedures, and determine the amount of funds necessary to fully fund the program.

SB 1683 (Thompson)--Permits counties to use the discretionary portion of County Emergency Medical Services funds to support regional poison control centers. Permits certain counties with surpluses in their Emergency Medical Services Funds to use the surplus for other emergency care needs.

INFRASTRUCTURE: TRANSPORTATION AND HOUSING/BONDS

Housing and Transportation

Background

Infrastructure - a substructure or underlying foundation; esp., the basic installations and facilities on which the continuance and growth of a community, state, etc. depend, as roads, schools, power plants, transportation and communication systems, etc.

Webster's New World

Dictionary

As financing for infrastructure investments in California has tightened, members of the Legislature worked this year on three approaches to meeting the states public infrastructure needs:

1. They continued to provide the public with the option of making these investments through traditional means;1. They continued to provide the public with the option of making these investments through traditional means;
2. They sought to develop new or alternative means of financing infrastructure;2. They sought to develop new or alternative means of financing infrastructure;
3. They tried to facilitate construction by easing administrative obstacles, by seeking greater cooperation with federal authorities, and by prioritizing projects.3. They tried to facilitate construction by easing administrative obstacles, by seeking greater cooperation with federal authorities, and by prioritizing projects.

Many Californians, including a large number of public officials and private sector representatives, have in recent years demonstrated growing recognition of the

importance of investments in Californias capital infrastructure for both short-term and long-term economic growth. There is also increasing evidence and acknowledgment of the fall-off in such investments over the past 30-year period.

A 1994 report by the Center on Budget and Policy Priorities, A Tale of Two Futures, for instance, traces public sector infrastructure investment since 1960. In that year, the value of Californias roads, schools, sanitation systems, and utilities relative to its population was 40 percent greater than the average in other states and third highest in the nation, providing California with a well-developed infrastructure. But the value of infrastructure per resident grew more slowly in California than in any other state from 1960 to 1988. By 1988, the study notes, the per capita value of California's infrastructure was 11 percent below the average of other states, ranking 36th in the nation.

Bond Measures

The California Legislature has actively sought to respond to this shortfall in infrastructure investment. General obligation bonds have historically been the chief means of financing investments in the infrastructure, and the Legislature has placed a number of bond measures on the ballot in recent years.

The California voting public, however, has been showing increasing unwillingness to approve general obligation bonds. Most recently, the June Primary Election saw the defeat of all bond measures, including those that were placed on the ballot by the Legislature and those that were placed there through the initiative process.

One of these defeated bond measures, Proposition 1A, would have authorized the sale of \$2 billion in general obligation bonds to help meet cost of the Northridge Earthquake. Proposition 1A was put on the June ballot by the Legislature, which approved it in March, 1994, as SB131 (Roberti). Governor Wilson signed the measure also. About \$950 million of the \$2 billion would have been for seismic retrofitting of highways and bridges. An additional \$145 million was designated for other transportation purposes. Proposition 1A would also have made \$575 million available for housing assistance.

Proposition 181, the Passenger Rail and Clean Air Bond Act of 1994, will appear on the November ballot as a result of the passage of AB 973 (Costa) in 1989.

Other Legislation

Besides the bond measures, perhaps the most significant transportation-related legislation approved by the Legislature this year is a package of bills dealing with the smog check (vehicle emissions) program. California was in danger of losing millions of dollars of federal transportation money unless public officials moved swiftly to put new laws and new procedures into place to reduce vehicle emissions in those areas of the state identified as not achieving federal Environmental Protection Agency pollution reduction standards.

The bills -- SB 629 (Russell), AB 2018 (Katz), SB 521 (Presley), and SB 198 (Kopp) -- do the following:

Set up a pilot program to use new means to identify gross polluters (e.g, remote sensing). The legislation also strengthens monitoring and warranting of test equipment; Set up a pilot program to use new means to identify gross polluters (e.g, remote sensing). The legislation also strengthens monitoring and warranting of test equipment;

Authorize test-only smog checks sites (separate from repair facilities) to test certain vehicles and require an increasing percent of automobiles to be checked at test-only stations if EPA standards are not being met;

Authorize test-only smog checks sites (separate from repair facilities) to test certain vehicles and require an increasing percent of automobiles to be checked at test-only stations if EPA standards are not being met;

Provide for payment of specified costs of making necessary repairs on certain gross polluters, and provides financial assistance to low-income owners of grossly polluting vehicles for repair costs. It will also provide for state purchase (subject to an \$800 limit) of grossly polluting vehicles to remove them from use; Provide for payment of specified costs of making necessary repairs on certain gross polluters, and provides financial assistance to low-income owners of grossly polluting vehicles for repair costs. It will also provide for state purchase (subject to an \$800 limit) of grossly polluting vehicles to remove them from use;

Appropriate \$12 million from the Vehicle Inspection and Repair Fund to implement the enhancements to the smog check program. Appropriate \$12 million from the Vehicle Inspection and Repair Fund to implement the enhancements to the smog check program.

Significant legislation that will use a combination of traditional and new means of financing infrastructure,

including transportation projects, was approved in the form of AB 1495 (Senator Peace). This bill was approved by the Legislature and signed by the Governor in June. It is double-joined to SB 101 (Bergeson), which provides amendments and clean-up language.

Together, AB 1495 and SB 101 expand the authority of the California Housing Finance Agency, establishing a new Housing and Infrastructure Finance Agency that is empowered to issue revenue bonds and accept general obligation bond funds to back state and local infrastructure projects. Thus, though some of the projects of the new agency will be funded by the public money of general obligation bond funds, the agency is also designed to identify and facilitate projects that may draw the backing of private sector, especially institutional investors. This latter form would have to be able to produce some revenue through fees, etc., in order to be able to repay investors.

Related legislation, SB 1387 (Thompson), establishes the Economic Development Financing Authority within the Trade and Commerce Agency. This entity is designed primarily to

lower the cost of capital and increase the access to capital for local economic development corporations, community development corporations, and certain types of private economic development projects. However, 25% of its portfolio will be used in support of infrastructure that is part of an economic development project. The limited number of infrastructure projects that are combined with economic development projects, as defined, will be financed in essentially the same manner as projects under AB 1495/SB 101.

SB 1742 (Kopp), is designed to facilitate the expansion of the Bay Area Rapid Transit (BART) system of rail transport by allowing BART to let one contract for both the designing and building of an extension to the system. A new rail line would extend to the San Francisco International Airport.

The Federal Transit Administration (FTA) has designated the airport extension as one of four projects included in the FTA Turnkey Demonstration Program, which is intended to demonstrate the cost savings attributable to design-build contracts. Under ordinary circumstances, BART would contract separately for the design and the construction of the project.

Major legal obstacles to the construction of the South Pasadena Freeway (Highway 710) will be removed by the passage of AB 2556 (Martinez). This bill will remove deadlines for the completion of certain public hearing and environmental impact requirements.

AB 1958 (Katz), will prohibit state department and regional transportation planning agencies from making any changes in existing priorities for seismic retrofitting. It also authorizes the Director of Transportation to contract out design services in order to enhance or assist seismic retrofit project delivery.

Another bill, SB 602 (Kopp), will prohibit the California Transportation Commission from allocating or distributing state funds to specified local transportation entities unless the entities have adopted, and enforce, a regulation or policy that imposes restrictions on the expenditure of public funds and regulates the acceptance of honoraria, gifts, and travel by officers of the entity, and unless the entity annually adopts a list of its employees whose total compensation and benefits exceed, per calendar year, that of the Director of Transportation or the highest paid employee of the department, whichever is higher.

IMMIGRATION

More than 22 percent of those who live in California were born outside the United States. Of the roughly 7 million foreign-born Californians, about 1.3 million are believed by the U.S. Immigration and Naturalization Service to be unauthorized immigrants.

At least 30 percent of those probably did not cross the border illegally, but hold temporary visas that have expired.

Immigration received considerable public policy attention in 1994 at both the state and federal levels. Even as Congress and the Clinton Administration were beefing up the Border Patrol to deter illegal entries, a federal commission was reviewing the effectiveness of federal immigration policies and practices for a series of reports to Congress.

Governor Pete Wilson in January requested \$2.3 billion from the federal government to reimburse California for the health, education and incarceration costs of undocumented immigrants in California.

But in late June, the 1994-95 state budget was crafted on an assumption only \$763 million in reimbursement monies

would be coming, nearly half of it for imprisoning undocumented criminals.

By August, Californias looming federal reimbursement for imprisoning undocumented criminals had been whittled to just \$78 million in Congress -- although the California

budget had anticipated \$356 million in that area.

Perhaps reflecting the Wilson Administrations continuing public focus on costs of the undocumented, a citizens initiative qualified for Californias November 8, 1994, ballot to eliminate public schooling, non-emergency health care and public social services for unauthorized immigrants.

The initiative would require educators, social workers, health-care providers and law-enforcers to report suspected undocumented persons to the INS. But its provisions conflict with a number of state and federal laws and court decisions -- ironically jeopardizing up to \$15 billion in federal funds that require Californias compliance with federal laws.

The Legislature acted on several fronts in the immigration arena, looking at all newcomers and at those who are here illegally.

All Immigrants

California would join several other high-immigrant states in giving a higher profile to state immigration issues under AB 2650 (Napolitano). The state presently has no clearinghouse for persons seeking information about immigration in California.

The bill would require the state Health and Welfare Agency to:

- Assist state and local governments in obtaining federal funds to offset costs arising from immigration and develop a state clearinghouse on immigration information. Assist state and local governments in obtaining federal funds to offset costs arising from immigration and develop a state clearinghouse on immigration information.

- Serve as a resource on immigration policies for the states congressional delegation. Serve as a resource on immigration policies for the states congressional delegation.

- Develop a state plan to address the impact of immigration and a need for federal resources, and report annually to the Legislature on implementation of this state plan. Develop a state plan to address the impact of immigration and a need for federal resources, and report annually to the Legislature on implementation of this state plan.

- Work with other states to encourage the federal government to fund the costs of immigration policy. Work with other states to encourage the federal government to fund the costs of immigration policy.

- Encourage programs that promote citizenship and civic activities among immigrants. Encourage programs that promote citizenship and civic activities among immigrants.

The University of California would study the costs and the contributions of all of Californias immigrants, especially those in the work force, under AB 3019 (Napolitano). The University of California would study the costs and the contributions of all of Californias immigrants, especially those in the work force, under AB 3019 (Napolitano).

The study would pinpoint areas of Californias economy that are the most and the least affected by foreign-born workers.

The measure stems from a general consensus that accurate, reliable data is lacking on the costs and contributions of immigrants across California.

Undocumented Persons

California is preempted by federal law from directly enforcing a federal ban on hiring undocumented persons. But the Legislature approved AB 1025 (Peace) to make employers convicted of hiring unauthorized immigrants ineligible for public contracts.

Criminal Aliens

The state Department of Corrections and California Youth Authority would be required to adopt methods for identifying, within 90 days of arrival, any undocumented inmates who may be subject to deportation, and relaying the information to the INS, under SB 1314 (Johannessen) and AB 1874 (Polanco).

If the INS determined a person was an undocumented alien, he or she would be transferred within 48 hours to the custody of the U.S. Department of Justice. But this would be contingent upon enactment of federal legislation requiring the acceptance and federal imprisonment of state felons. Should the U.S. government accept responsibility for these inmates, the savings to the state could be as much as \$350 million. At least 16,000 criminal aliens are believed to be incarcerated in state prisons; another 1,500 may be in Youth Authority facilities.

Senator Art Torres offered a similar bill, SB 1878, which would require the state to "actively encourage" undocumented felons to apply for returning to their home countries. Last

year, a Torres measure (SB 1258) on this subject was vetoed by Governor Wilson on grounds the state could not compel the federal government to accept undocumented prisoners. In fact, federal law precludes the U.S. Department of Justice from taking custody at all until an illegal immigrant felon has completed serving his sentence in state prison, Wilson said in his veto message.

The Senate voted to override the veto of Torres bill, but the effort failed in the Assembly.

Courts would be required to cooperate with the INS in identifying defendants subject to deportation under AB 2979 (Napolitano).

The Department of Corrections would be required to inform undocumented felons of a right to be transferred to their countries of origin, and would have to develop procedures for such transfers, under SB 1744 (McCorquodale).

False Documents

Making or selling false citizenship or residency documents would be punishable by up to a year in county jail under SB 29X (Peace). Consecutive sentences could be imposed for each fraudulent document.

Under AB 2408 (Bowen), a third offense of falsifying identification documents would be punishable by a sentence of two to four years in state prison.

Hate Crimes

Foreign-born minorities can be targets of prejudicial hatred and hate crimes. By state definition, a hate crime is based on a victims race, national origin, color, ancestry, disability, gender, religion or sexual orientation, and is subject to a possible jail sentence and fine of \$5,000. AB 2521 (Napolitano) adds immigration status (and homelessness) to the definition of hate crimes and raises the fine to \$10,000.

A person who commits a felony against a victim because of race or the other traits listed above would receive up to three additional years in state prison under the bill.

The bill stemmed from state hearings that found crimes against immigrants were increasing.

Immigration Consultants

Those who work as immigration consultants would have to file bonds or cash deposits of \$10,000 with the secretary of state under AB 3137 (Escutia) to provide a source of redress

to immigrants who are defrauded by persons advising them on immigration laws and practices. The requirement would not apply to nonprofit agencies that advise immigrants for free.

INSURANCE

In a key development in the insurance arena, the California Supreme Court in August upheld the Department of Insurance's rules on consumer rebates required by Proposition 103, an initiative approved by California voters in November 1988. The measure ordered a reduction in insurance rates, rebates on past premiums and limits on future increases.

Some insurance companies already have provided rebates to their customers under Proposition 103, which ordered auto and other insurance rates rolled back to 20 percent below the charges in effect in 1987. But rebates still are owed by some industry giants, including State Farm, on auto, property and casualty policies worth an estimated \$1.5 billion.

On the legislative front, SB 1355 (Torres), the Homeowner Bill of Rights, was designed to tighten procedures and protections governing homeowners policies. Senator Art Torres said his measure stemmed from complaints by homeowners that guaranteed replacement cost coverage has not always assured full replacement of a destroyed home, that policies can be difficult to understand and that policy-holders may not be adequately informed of their policies contents. Torres measure:

Permits a policy-holder who loses a home in a declared disaster to buy another dwelling with funds from the insurance coverage.

Requires any binding agreement between the policy-holder and insurer in excess of \$3,000 to be in writing.

Prohibits insurers to misrepresent the term guaranteed replacement cost in marketing a policy, and makes violations subject to a \$1,000 fine.

Forbids a policy to be issued as guaranteed replacement cost if it includes any present limit on the covered damage for contents as well as the dwelling.

Requires simple English, at 9th-grade reading level, in the writing of policies concerning homeowners insurance, fire insurance and earthquake insurance on residential property.

Requires insurance agents and brokers who issue homeowners policies to complete an approved course by 1996 on adequately underwriting a structures coverage and contents.

Requires that if a home lost to fire is not rebuilt or replaced, the policy-holder will receive the replacement value or face amount of the policy.

Adds to items that must be included on a declarations page in a policy the limits on personal liability coverage. Any exclusion from fire coverage in a homeowners policy must be stated in at least 10-point type on the declarations page.

Information regarding health-insurance legislation passed in 1994 is included in the Health section of this document.

LABOR, EMPLOYMENT, AND EMPLOYMENT TRAINING

Members of the state Senate and Assembly introduced and secured the passage in 1994 of important legislation dealing with the training and education of the work force, the unemployment insurance system, workers compensation, occupational safety and health, disability benefits, the underground economy, and other issues of work life in California.

Work Force Education and Training

There is increasing recognition among state legislators that the quality of the states workers -- their skill levels, education, and general suitability for employment -- is a major factor in workers personal economic prospects and, ultimately, in the ability of the state as a whole to compete with other states and nations.

Legislative interest in the subject has also been given a boost from three initiatives of the Clinton Administration in Washington:

1. The School-to-Work Opportunities Act, supporting the development at the state level of school-to-work transition programs;1. The School-to-Work Opportunities Act, supporting the development at the state level of school-to-work transition programs;
2. Goals 2000, the effort to promote the development of industry- specific skills standards; and2. Goals 2000, the effort to promote the development of industry- specific skills standards; and
3. The Reemployment Act of 1994 (still under consideration in Congress), which is intended to buttress displaced worker training programs and create one-stop career centers.3. The Reemployment Act of 1994 (still under consideration in Congress), which is intended to buttress displaced worker training programs and create one-stop career centers.

Common to each of these three measures is the idea that it is extremely important to create a seamless, integrated work force training system.

California currently has 23 work force training programs administered by 13 different agencies. There is little integration among these programs, many serve the same constituencies, and there is minimal evaluation of the actual effect of the programs in terms of delivering specific skills and in leading to employment.

SB 1417 (Johnston), will require the existing State Job Training Coordinating Council (SJTCC) to consult with employment, training, and education providers in the state and:

- a) Conduct an assessment of existing state and federal employment and training programs;a) Conduct an assessment of existing state and federal employment and training programs;
- b) Make recommendations on the development of performance-based accountability;b) Make recommendations on the development of performance-based accountability;
- c) Make recommendations on how to create and integrated system; andc) Make recommendations on how to create and integrated system; and

d) Make recommendations on strategies to link work force preparation to the current and future economic needs of California. d) Make recommendations on strategies to link work force preparation to the current and future economic needs of California.

The bill also revises the mission of SJTCC to include the integration of all workforce preparation programs at the state level.

Another bill, AB 2775 (Archie-Hudson) takes another approach to the problems described above. This legislation

creates the California Education and Economic Development Council, a new entity composed of members appointed by the Governor, the Senate Committee on Rules, and the Speaker of the Assembly. The council is charged with proposing the most appropriate means of achieving specified employment training and education goals and, utilizing these methods, to develop and implement the California Education and Economic Development Master Plan.

AB 1244 (Eastin), appropriates \$450,000 from the Governor's Reserve Job Training Partnership Act Title III 40 Percent Funds to the Riverside Community College District to set up a 2-year Workforce Development Pilot Program designed to prepare California's community colleges to serve displaced workers in significant numbers. This pilot program might serve as a model for other re-training programs.

Unemployment Insurance

The continuation of the recession in California has again this year focused legislative attention on the performance of the unemployment insurance system.

SB 1419 (Johnston) will provide unemployed Californians with extended unemployment insurance (UI) benefits allowed under a federal extension program, where the federal program pays 50 percent of the costs of the extended benefits. The extended benefits will be paid for an additional 13 - 20 weeks if total unemployment reaches specified levels.

Another bill, AB 2867 (McDonald), will increase the maximum weekly unemployment insurance benefit from \$230 to \$245.

In a move similar to that of other states, SB 1482 (Watson) allows the unemployment insurance system to assist a maximum of five percent of persons receiving UI benefits in their efforts to become self-employed. Individuals who qualify for the program and undergo entrepreneurial training offered by the Employment Development Department will be allowed to continue to receive regular UI benefits while they attempt to become self-employed. These persons would be exempt from the normal job search requirements of the UI system.

AB 2664 (Burton) will set up an amnesty program for employers under which they may apply for a waiver of penalties owed as a result of failure to pay unemployment insurance and other tax liabilities or to file reports required under the law governing the unemployment insurance system. Significant numbers of employers may be liable for these penalties as a result of misclassifying employees as

independent contractors.

AB 3122 (Klehs) relieves a person who has received an overpayment of unemployment insurance benefits of the obligation to repay those overpayments if the individual cooperates in an investigation of an employer that results in a prosecution or penalty of that employer. This legislation stemmed from a report on the underground economy wherein it was revealed that some California employers have been urging persons to apply for unemployment insurance at the same time they were working.

The Underground Economy

Another bill, in addition to AB 3122 above, will formalize and increase the monitoring and collection of revenues from economic activities in the underground economy. In the last several years, as a result of legislative and administrative hearings, it has become increasingly clear that the underground economy is generating profits of millions of dollars that are escaping the sweep of the states tax laws. Last year, under Executive Order W-66-93, Governor Wilson created the Joint Enforcement Task Force on the Underground Economy for purposes of addressing problems in this area.

SB 1490 (Johnston), will create by statute the Joint Enforcement Task Force on the Underground Economy that will include representatives of various state departments and that will continue in existence until January 1, 2000. The bill authorizes the Labor Commissioner to empower an employee of a participating agency to issue citations and to issue and serve penalty assessment orders. Also, in addition to increasing various penalties for failure to report employees, the legislation transfers the responsibility to collect delinquent fees, wages, and penalties from the Department of Industrial Wages to the Franchise Tax Board.

Other Labor Law Violations

AB 3374 (Klehs) authorizes a civil penalty of \$5000 for each act of submitting fraudulent payroll records to the Labor Commissioner for the purpose of concealing a violation of laws on minimum wage, overtime compensation, child labor or wage payment. It also strengthens the penalties on those who make wage payments through financial instruments that are dishonored or protested and it makes an employer liable for a \$10,000 civil penalty if the employer compels or solicits repayment of wages received as a result legal or administrative action.

AB 3046 (Solis), provides that every person engaged in the business of garment manufacturing who contracts to have garment manufacturing operations performed by another

person as a contractor shall be civilly liable, with respect to these operations, to the same extent as the contractor for any failure by the contractor to pay wages lawfully due an employee or to comply with an order of the Industrial Welfare Commission relating to minimum wage or overtime. AB 3046 also makes the manufacturer liable for the same civil penalties assessed against the contractor for violations of those provisions.

Workers Compensation

Work continued this year in updating the states workers compensation laws. Last years reform legislation established a new competitive rating law effective January 1, 1995. The new law requires every insurer to file all rates, rating plans and supplemental rate information with the Insurance Commissioner 30 days prior to their effective date. The rates may be disapproved, after a hearing, on the basis that they would threaten the solvency of the insurer or tend to create a monopoly in the market. The new legislation also prohibits insurers from using rates or classification systems that discriminate on the basis of factors listed in the Unruh Civil Rights Act and in the Insurance Code. The legislation also prohibits any arbitrary economic discrimination by insurers.

SB 3682 (Margolin) clarifies current law, removing any arbitrary economic discrimination by an insurer from the above prohibition. This bill requires that rates shall not be unfairly discriminatory. Rates would be unfairly discriminatory when price differentials fail to reflect equitably the difference in expected losses and expenses.

Disability Benefits

State disability insurance (SDI) benefits have historically been set at the same level as workers compensation temporary disability (WCTD) benefits. Under the 1993

workers compensation reform law, maximum WCTD benefits will increase to \$406 per week after January 1, 1995. There will be a disparity between SDI and WCTD benefits, thereby encouraging benefit shopping between the two systems. SB 2031 (Roberti) will increase the maximum weekly benefit to \$406, the same as workers compensation temporary disability benefits.

Occupational Safety and Health

SB 1689 (Hart) will require the Division of Occupational Safety and Health to complete its written plan for coordinating enforcement of laws and regulations requiring employers to provide field sanitation facilities for agricultural workers. The legislation will also require

that past violations of these laws be taken into account when determinations are made concerning the willfulness of current violations. The author and proponents of this legislation contend that many agricultural employers are failing to meet the obligations of the law in this area.

AB 13 (Friedman), will prohibit any employer from permitting smoking of tobacco products in enclosed places or specified places of employment. The provisions of this law set a statewide standard for where smoking may take place. Proposition 188, if approved by voters, will override this legislation and set a more lax standard regarding where smoking may take place.

Cesar Chavez Holiday

SB 1373 (Torres) requires the Governor to annually proclaim March 31 as Cesar Chavez Day, and adds this day to the list of state holidays. However, due to the opposition of the Governor and some others to the creation of a new widely-observed state holiday, there are a number of restrictions on the applicability of the holiday.

It does not apply to a city, county or district unless made applicable by charter, ordinance or resolution of the governing body. The holiday is also excluded from the list of judicial holidays. It does not increase the number of state holidays in law or in collective bargaining agreements in effect as of January 1, 1994. The legislation allows public schools and community colleges to be closed, and it grants employees a paid holiday provided that the respective governing board adopts a supporting memorandum of understanding (MOU). Finally, it allows state employees and certain managers and supervisors, as specified, to choose eight hours of holiday credit for March 31 (Cesar Chavez Day) in lieu of receiving eight hours of personal holiday credit.

LOCAL GOVERNMENT AND HOUSING

Local Finance and Redevelopment

The current economic downturn, coupled with taxing and spending restrictions such as Proposition 13, have played havoc with the budgets of state and local agencies. In 1992 the Legislature shifted \$1.3 billion in property taxes from cities and counties to schools in order to reduce pressure on the state general fund. The shift in 1993 was nearly \$2.6 billion.

Since local officials must gain the approval of two-thirds of the voters to increase taxes, local governments find it

difficult to raise additional revenues to make up the difference. As a consequence, many local programs have been eliminated or drastically cut. In response, the Legislature enacted several measures to increase local flexibility and ensure greater accountability on fiscal matters.

Schools: Prior to adoption of Proposition 13 in 1978, local school districts could levy their own property tax rate, and could override state-determined revenue limits by local majority vote. Proposition 13 and subsequent legislation

limit the local property tax rate to 1 percent and allocate a combination of local property tax and state general funds to schools based on a complex formula. School districts are prohibited from levying additional local taxes except with the approval of two-thirds of the voters.

SB 1261 (Hart) allows school and community college districts to impose general taxes by majority vote of the electorate. Various limitations are placed on revenues to prevent school or community college districts from relying excessively on the new tax. The authority to levy the tax is effective for four years and can be extended for a period of up to four years by majority vote.

Libraries: Local public libraries are funded through local property taxes, city and county general fund revenues, and special taxes. Many local agencies have closed or severely restricted library hours due to budget shortfalls. SB 1448 (Roberti) authorizes local agencies to establish assessment districts to pay for library services. Local communities with rent control ordinances are prohibited from imposing the assessment unless they provide a way for property owners to pass on 50 percent of the cost of the assessment to their tenants, other than low-income tenants.

Rural Counties: Rural counties have been among the most hard hit by the recession and resulting state and local budget crisis. Some rural counties have unemployment rates that exceed 15 or 20 percent. AB 2082 (Cannella) reduces the amount of local property taxes that would otherwise be transferred to school districts in eight of the most fiscally distressed rural counties. The counties are Butte, Del Norte, Humboldt, Lassen, Mendocino, Merced, Siskiyou, and Yolo.

Public safety: Last year the voters approved Proposition 172, making a temporary half-cent increase in the state sales tax for public safety programs permanent. AB 2788 (W. Brown) enacts a maintenance of effort provision requiring cities and counties beginning in 1995 to spend at least as much on all combined public safety services as they spent in 1992-93. If they spend less, their allocation from the state sales tax fund is reduced by the amount of the difference.

Business improvements: In 1989 the Legislature authorized cities and counties to form business assessment areas to fund parking, streetscape improvements, and public promotions and activities to increase commercial and retail business in the area. The assessments under the 1989 law are levied on business owners, primarily retail merchants who lease space from commercial property owners.

AB 3754 (Caldera) allows cities and counties to create business assessment districts that levy an assessment on commercial property owners, rather than the merchants who lease space. These assessment districts are increasingly common in other states, which use them to revitalize downtown business districts through expanded programs of security, cleaning, and special events. The district can be prevented from forming or repealed if property owners representing 50 percent of the total assessment protest.

Limits on local fiscal powers: Under several state laws governing property assessments, local officials can override the protests of property owners paying a majority of the assessment with a 4/5 vote of the local board. In several instances, local board members have been recalled in response to override votes opposed by property owners.

In 1992 the Legislature passed SB 773 (Bergeson), eliminating the ability to override majority protests under the Landscaping and Lighting Act of 1972. Rather than eliminate this power for other acts, SB 1286 (Bergeson) limits the ability to override a majority protest to cases where the public's health or safety is at risk.

Some local agencies provide health and welfare benefits to the elected officials serving on their governing boards. In some instances, these benefits continue to be provided after the official leaves office. SB 1893 (Leslie) prohibits

local agencies from paying the cost of benefits to former officials elected on or after January 1, 1995, unless the official is already fully vested, and prohibits agencies who did not provide benefits to former officials before January 1, 1994 from providing these benefits in the future.

Disaster relief: The federal government, through the Federal Emergency Management Agency (FEMA) provides federal disaster relief to local agencies for up to 75 percent of eligible costs. State law requires that costs not covered under federal law be split 75/25 percent between the state and local agencies.

In three instances - the 1989 Loma Prieta earthquake, the 1991 East Bay fire, and the 1994 Northridge earthquake - the Legislature provided that the state pay 100 percent of the nonfederal eligible costs. AB 3270 (T. Friedman) extends this 100 percent state share to costs incurred fighting the fires that occurred in Southern California from October 1, 1993 to November 30, 1993.

Local Planning and Land Use

Land use planning: Local governments have the primary authority to plan and approve land use and development. Disputes over land use often end up in court, at great cost to local agencies, development proponents, and private citizens and community groups.

To provide an alternative to costly litigation, SB 517 (Bergeson) authorizes a court to invite litigants to use a mediation process to resolve their dispute. The mediator would be jointly selected by the parties. While mediation is ongoing, the time limits in the court action would be stayed. The Office of Permit Assistance is required to report to the Legislature on implementation of the mediation alternative by January 1, 2001.

In 1970, the Legislature required local officials to create airport land use commissions (ALUCs) and adopt comprehensive land use plans to protect airports with scheduled airlines from land use conflicts. In 1984 the mandate was extended to require plans for all general use airports as well.

To reduce the impact of state mandates on local agency budgets, the Legislature repealed these mandates in 1993, even though the 1970 mandate was not subject to the 1975 law requiring the state to reimburse local governments for mandated costs. AB 2831 (Mountjoy) reinstates the mandate to adopt an airport land use plan for airports with scheduled airline service. Plans for general purpose airports would remain permissive.

To reduce some of the problems associated with urban development, such as traffic congestion, air pollution, energy use, and lack of affordable housing, urban planners, transit officials and others have advocated more compact, transit-oriented forms of development.

AB 3152 (Bates) enacts the Transit Village Development Planning Act of 1994, providing local agencies with fiscal incentives to establish transit village development districts within a quarter-mile of a rail transit station. Developers proposing projects consistent with the plans for the districts would receive a density bonus and additional protection from lawsuits.

Building and development standards: AB 3819 (W. Brown) tightens state standards regarding the flammability of roofs as a way to reduce the incidence and severity of fires. Buildings within areas determined by the State Fire Marshal to be subject to very high or high fire hazards must use

Class B roofs in new or repaired roofs. Unless local governments in very high fire hazard areas adopt a model fire defense ordinance prepared by the State Fire Marshal by January 1, 1997, new or repaired roofs must meet more stringent Class A fire retardant standards.

AB 133 (W. Brown) exempts noncommercial property owned by

religious organizations from local historic preservation ordinances if the organization objects and demonstrates that it will suffer substantial hardship from the application of the ordinance.

Housing

Reorganization of housing functions: The administration of state housing responsibilities is vested in the Business, Transportation and Housing Agency. The agency includes the following offices and departments: Transportation (Caltrans), Motor Vehicles (DMV), California Highway Patrol (CHP), Office of Traffic Safety, Alcoholic Beverage Control, Corporations, Banking, Savings and Loan, Teale Data Center, Real Estate, Office of Real Estate Appraisers, and Housing and Community Development.

About 95 percent of the agency's personnel and budget is devoted to transportation issues, yet independent audits have found that the agency does not adequately oversee and direct these functions. At the same time, critics contend that the non-transportation functions of the agency, such as housing programs and policy, get little attention from the agency and the governor.

SB 1542 (Kopp) abolishes the Business, Transportation and Housing Agency, effective July 1, 1995, and creates a new Transportation Agency to oversee Caltrans, DMV, CHP, and the Office of Traffic Safety. The business and housing functions are transferred to a new Office of Business and Housing in the Trade and Commerce Agency.

Public housing tenants: Local agencies provide and manage public housing to serve low-income residents. There is growing concern that some public housing developments have become havens for criminal activity, such as drug sales. SB 54X (Greene) requires local law enforcement officials to furnish state summary criminal history information to public housing authorities for the purpose of screening prospective residents and staff.

Housing allocations: Existing law requires cities and counties to have a housing element in their general plan that demonstrates how they will meet the regional need for housing, including their fair-share allocation of housing affordable to moderate; low- and very-low income households. Recent legislation provided a way for counties to reduce

their share of the regional housing need by transferring the share to one or more cities in the county that agree to make up the difference.

AB 51 (Costa) revises the regional housing needs transfer process to allow any city or county to transfer up to 15 percent of the regional housing need (but not more than 500 units) to an adjacent city or county, if the transfer occurs within the same housing market, the counties are in the same council of government, the transfer will increase the supply of affordable housing that would otherwise be available, and the transfer will not cause or exacerbate racial, ethnic, or economic segregation and will not create a detrimental financial impact upon the receiving city or county.

Residential reconstruction: Existing law provides that local governments can identify some land uses as non-conforming. These non-conforming uses do not meet current land use, zoning, or building requirements, such as density, setbacks, parking, or seismic safety. When property owners request changes or modifications to the use, the local agency can require that the property be brought up to code as a condition of granting permission.

Some apartment owners with nonconforming buildings have trouble obtaining loans for repairs and insurance. Lenders and insurers fear that local officials will not allow owners to rebuild damaged buildings to their original size and number of units.

SB 2112 (Bergeson) provides that local agencies cannot prohibit the reconstruction, restoration, or rebuilding of a

multi-family building that is involuntarily damaged or destroyed by fire or other catastrophic event to its predamaged size and number of units, unless the building is located in an industrial zone, the agency finds that the project threatens the health, safety, or general welfare of the public, the use would be more appropriately moved to a zone where it is permitted, or there is no longer a zone for that use. Local agencies may apply current building standards and conditions for the reconstruction, so long as the size and number of units are maintained.

NATURAL RESOURCES, AGRICULTURE AND WILDLIFE

Agriculture

Land conservation: Californias rapid population growth is placing increasing pressure on the states farmland, with tens of thousands of a year converted from agriculture to urban use. To address this problem, the state enacted the

Williamson Act in 1965, providing farmers with a property tax reduction in return for signing contracts to keep their land in agriculture for ten years.

There has been controversy over the years regarding non-farm uses within Williamson Act agricultural preserves. The law allows local government to determine what uses are compatible with agriculture, and also allows conservation contracts to be cancelled if the land is used for the construction of public facilities.

Two bills combat perceived abuses in these areas. SB 1534 (Johnston) tightens the requirements on public agencies that wish to cancel Williamson Act contracts in order to construct public facilities. AB 2663 (Sher) enacts three principles of compatibility that local agencies must follow in allowing non-farm uses in agricultural preserves. Under the bill, compatible uses must not significantly compromise the agricultural viability of the property or nearby contracted lands; must not displace or impair current or feasible agricultural uses; and must not be likely to result in removal of adjacent contracted land from agricultural use.

Counties are given a subvention from the state to make up for lost property taxes on contracted lands, which are assessed at less than market value. To close a loophole in the law, AB 2663 (Sher) allows the State Controller to deduct from the annual subvention any fees for cancelling Williamson Act contracts that have not been collected by local governments or forwarded to the state.

Livestock: Existing law generally prohibits cruelty to animals. Animal welfare groups have raised concerns that livestock animals unable to walk often suffer in transportation and at stockyards and slaughterhouses. Complaints include dragging animals during transport, trampling, inability to reach food and water, and lack of proper veterinary attention.

SB 692 (Roberti) makes it a crime for an owner of a nonfederally inspected slaughterhouse to buy, sell, receive, or improperly move nonambulatory livestock animals, and provides for them to be humanely euthanized.

Agricultural chemicals: There is growing concern about the health and safety risks associated with the use of pesticides and other agricultural chemicals. Both the federal EPA and the state Department of Pesticide Regulation regulate the production and use of pesticides. County governments are responsible for carrying out inspections, while the state Air Resources Board conducts monitoring and research on the health and safety aspects of air pollution

from the application of pesticides.

One strategy to reduce the risk associated with pesticides is to reduce the use of agricultural chemicals. In 1990 the

Legislature established the University of California Center for Pest Research. The center's charge is to develop environmentally sound, ecologically based pest management techniques, including the reduction in chemical use.

AB 3383 (Bornstein) appropriates \$250,000 to the Department of Pesticide Regulation for grants to U.C. to fund up to five pilot projects providing extension services, training and financial incentives to encourage farmers to voluntarily reduce their use of agricultural chemicals.

Natural Resources and Wildlife

Fisheries and Coastal Resources: Current state and federal laws establish a number of marine reserves and prohibit or restrict oil drilling and related activities along much of the California coastline to protect the coastline and fisheries from damage or destruction from oil spills. The state controls resource development within the three-mile state territorial limit, while the federal government controls resource development outside the three-mile limit.

About 85 percent of the state's coastline is protected under overlapping state laws and administrative regulations. AB 2444 (OConnell) creates a single California Coastal Sanctuary covering the entire state coastline. State lands within the sanctuary would be protected from oil drilling and production. Existing leased operations already in production would be exempted.

State and federal laws provide that water resources should be protected and managed to ensure the preservation and enhancement of fish, wildlife, and recreation. With many aquatic species declining or endangered, efforts to retain instream uses of water to protect fish habitat are gaining a new urgency.

AB 1222 (Cortese) establishes an instream flow accounting system or registry of instream flows to ensure that water supplies voluntarily transferred to enhance habitat values will be accounted for and reserved in making water allocations from the state's streams, rivers and lakes. This will ensure that water transfers to increase wildlife values are not simply used to replace water that is then transferred for other purposes.

Many of the state's commercial fisheries have experienced declining catches for years. Causes include habitat disturbance and destruction, climate changes, and over-fishing. To address the over-fishing of Dungeness crab, the state requires a permit issued by the Department

of Fish and Game to land crab. AB 3337 (Hauser) further tightens the crab fishery restrictions by requiring every commercial crab vessel to obtain a permit, requiring a report to the Legislature by June 30, 1997 on the status of the fishery and recommendations on the number of vessels that should be permitted to fish, and permitting the director of the department to delay the opening of the fishery.

Under existing state and federal law, individuals are allowed to dredge streambeds to mine gold if they have a permit from the state or federal government. Streams and rivers are public trust lands, with those within federal lands held in public trust by the federal government, while all others are held in public trust by the state. There have been concerns that vacuum dredging disrupts and alters streambeds in a way that sometimes jeopardizes fish and wildlife resources. Some dredging operations have also become semi-permanent encampments, raising concerns of sanitation, public safety, and trespass on private property.

To address these concerns, AB 399 (Hauser) provides a penalty of a \$1000 fine or six months in jail for dredging without a permit, requires dredgers to file a plan on their dredging activities and have written permission from the landowner or a permit from the federal government to operate on federal lands, and authorizes state and local agencies to charge a fee to cover their costs for issuing a permit.

Endangered Species: Under the federal Endangered Species Act, the federal government can list species as threatened or endangered. It is prohibited to take a listed species except under very limited conditions, and the federal government is required to designate critical habitat and implement a recovery plan and a monitoring program for listed species.

The U.S. Department of the Interior is considering a petition to list all stocks of the coho salmon in Washington, Oregon and California as endangered. The annual run of coho declined from about 1,000,000 in 1940 to about 33,000 currently, most of hatchery origin. Scientists believe destruction of streambed habitat and spawning grounds from timber harvesting is a key factor in the decline of the species.

To address this problem, AB 2229 (Sher) requires the State Board of Forestry to adopt emergency rules to protect streams in the event the coho salmon is listed under the federal Endangered Species Act. This would allow timber harvesting to proceed under more strict regulations.

NORTHRIDGE EARTHQUAKE

At 4:31 AM on Monday morning, January 17, 1994, an earthquake with a magnitude of 6.8 on the Richter scale struck Southern California. It struck along a previously unknown fault, and its epicenter was one mile south of Northridge, in the San Fernando Valley, approximately 20 miles northwest of Los Angeles.

The magnitude of the quake was not the key seismologic issue, but the unprecedented accelerations in horizontal and particularly vertical direction.

More than 8,700 persons were injured in Los Angeles and Ventura counties. More than 1,600 required hospitalization, and 57 persons -- all in Los Angeles County -- died.

The federal and state governments estimated direct financial losses at \$13 billion to \$15 billion. Damages to residential buildings reached \$5.2 billion, and damage to commercial and industrial property was pegged at \$3.6 billion. For example, the quake destroyed 11 highway structures and damaged or destroyed 200 school buildings.

The response of the federal and state governments was immediate. By May 21, more than 550,000 disaster applications had been issued; the Small Business Administration had received almost 200,000 loan applications and had approved 61,000 loans totaling \$1.766 billion; more than 300,000 persons were eligible for alternative housing or emergency home repairs budgeted at more than \$830 million; and more than 30,000 IFG loans for \$33 million were approved.

The Legislature immediately began work on funding an emergency and long-term response. The governor announced that bonds would be his only acceptable source of new funds, and so the Legislature placed on the June ballot Proposition 1A, \$2 billion in bonds for infrastructure retrofitting; Proposition 1B, school construction bonds; and , Proposition 1C, higher education bonds.

The Legislature and other elected officials joined together successfully to convince President Clinton to increase the federal share of costs from 75 percent to 90 percent. The president committed \$8.6 billion in earthquake assistance in addition to ordering a change in the usual federal and state/local sharing ratios from 75/25 to 90/10 for many disaster assistance programs. Local governments and non-profit organizations lobbied, likewise, for the same treatment they had received after the Loma Prieta earthquake wherein the state picked up the entire 25 percent share of the state/local match piece for them.

The disposition of this issue as well as reconstruction and retrofitting of public highways and education buildings hinged on voters decisions in June 1994 where three bond acts appeared on the ballot. After all bond measures were rejected by voters, the Legislature made the following decisions:

Highway Projects: matching money was funded out of the State Highway Account by reprogramming funds and stopping other projects. Highway Projects: matching money was funded out of the State Highway Account by reprogramming funds and stopping other projects.

Housing: California Disaster Assistance Programs were not funded despite having many applications and qualified recipients. Housing: California Disaster Assistance Programs were not funded despite having many applications and qualified recipients.

Emergency Services: Matching funds for labor and equipment charges came from the General Fund. Emergency Services: Matching funds for labor and equipment charges came from the General Fund.

Schools: FEMA match was paid with the General Fund. Reconstruction was done with unexpended school bonds, delaying some other projects. Schools: FEMA match was paid with the General Fund. Reconstruction was done with unexpended school bonds, delaying some other projects.

Higher Education: Funds from previous higher education bond acts were redirected. Higher Education: Funds from previous higher education bond acts were redirected.

In all, the governor signed about 18 bills that were in direct response to the earthquake -- from the bond measures to a bill permitting the state to charge 25 cents for an earthquake safety guide, and from a bill causing the state to pay local governments share of earthquake-recovery costs to a bill permitting school districts to apply for emergency waivers in the aftermath of the quake.

Future legislation may well reflect the recommendations presented on August 17 to the Senate Select Committee on the Northridge Earthquake by its blue ribbon task force.

The task force found that the Northridge quake revealed a fundamental truth about natural disasters: When one hits,

most people do not know what to do. In response to this finding, legislation has been drafted to require the schematics for utility placement be present on site for residential and commercial properties. The Select Committee will review this and dozens of other panel recommendations.

WELFARE

Most of the legislative action around welfare this year was part of the budget agreement.

The Legislature cut maximum family grants in the Aid for Families with Dependent Children (AFDC) program by 2.3 percent and determined that a grant shall not increase if a woman gives birth after being on aid for more than ten continuous months.

Two summer legal decisions call into question this and previous years reductions in AFDC grants. In *Beno v. Shalala*, a decision handed down on July 13, a Federal appeals court struck down welfare grant reductions approved for California by the Bush administration in 1992. Citing *Beno*, a state Superior Court judge issued a preliminary

injunction on August 19 blocking the 2.3 percent reduction made in July as part of the budget. This decision is Welch vs. Anderson. The Wilson administration appealed both decisions, so the legal discussions will continue, but in the case of Beno, the Clinton administration declined to join California in an appeal.

While the court in Beno focused on the action of the Federal government for most of its ruling, it did criticize the state in the decision:

The states application did not address the cuts affect on AFDC recipients with disabilities or on child-only families, who could not respond to the work incentive. Nor did it explain why the state had decided to cut benefits to all families in order to study the response of a few recipients in four counties or offer any data about the cuts potential impact on children or low-income families.

Plaintiffs have indisputably shown that California's experiment has serious problems, both as an experiment and as an attempt at welfare reform ... State officials have advanced no such experimental goal [re: do reductions in benefits lead to recipients working more hours?].

On August 30, the state supreme court refused to hear the state's appeal of "Welch." Because the state has other appeals in motion, it is impossible to tell now what the ultimate impact of these cases will be on the state budget. In other budget-related welfare action, the Legislature gave counties the authority to impose a workfare requirement (and then the sanction of a grant reduction) on persons who have been on AFDC for longer than two years. Also, the Legislature reduced a grant recipients pregnancy special need benefit from \$70 to \$47 per month.

Legislation froze AFDC-Foster Care cost of living adjustments for two more years, and, if the Congress allows it, sponsors of immigrants will be responsible for the economic welfare of these legal aliens for an additional two years before the immigrant becomes eligible for specific welfare benefits.

The Legislature also reduced monthly SSI/SSP (state supplementary program for aged, blind, and disabled persons) grants by 2.3 percent.

Most of these actions are part of AB 836 (Goldsmith and Pringle). AB 473 (Brulte and Snyder) also made changes in AFDC maximum family grants.

In other welfare action, the Legislature sent bills to the governor requiring AFDC recipients under the age of 18 to live with their parents AB 2596 (Connelly), extending for two years provisions allowing counties to limit eligibility for General Assistance (AB 1965, Goldsmith), and establishing a mechanism for reviewing every three years the state's minimum standard for a family's economic needs AB 3829 (Murray).