

Spring 1988

# California Legislative Preview, Spring 1988

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# CALIFORNIA LEGISLATIVE PREVIEW

Spring 1988

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*Prepared by:  
Senate Office of Research  
Elisabeth Kersten, Director*

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CALIFORNIA  
LEGISLATIVE PREVIEW  
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*Prepared by:*  
*Senate Office of Research*  
*Elisabeth Kersten, Director*

# LEGISLATIVE PREVIEW—Spring 1988

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*The 1988 Legislative Preview provides an overview of selected Senate and Assembly Bills under consideration this session. It is not a compendium of every bill, but a selection of measures reflecting the issues of concern this year. Descriptions of the bills are as of publication in early March and may not reflect subsequent amendments.*

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# SECTION I: PROMOTING ECONOMIC PROSPERITY

## ECONOMIC DEVELOPMENT

Although the California economy has been relatively prosperous of late not all sectors of the economy have shared equally in that prosperity. The international trade sector, for example, which accounts for 10 percent of the jobs in the state, is in the fifth year of a prolonged slump. A significant number of bills have been introduced in an attempt to help expand overseas market opportunities and improve the competitive position of California firms. Expanding the flow of international tourists to California is also the goal of related legislation. Another target of legislative activity this year is small business, the source of most new job creation. Last, but not least, is the high technology sector. Several bills have been introduced to encourage the development and application of science and technology in the state.

### ***Foreign Trade/International Business***

#### **SB 70 (Vuich) — Export Finance Program.**

Increases from 7 to 9 the membership of the California Export Finance Board (established with the passage of SB 1196, Vuich, 1984) and appropriates \$2 million from the Special Account for Capital Outlay to the Export Finance Fund to assist exporters.

#### **SB 507 (Rosenthal)—Alternative Energy Exports.**

Authorizes the California Energy Commission, in cooperation with the World Trade Commission and the California Department of Commerce, to assist California alternative energy technology and energy conservation firms to export technologies, products, and services to international energy markets.

#### **SB 1926 (B. Greene)—Office of Japanese Technical Information.**

Establishes within the Department of Commerce an Office of Japanese Technical Information to monitor Japanese technical activities and developments, acquire and translate selected Japanese technical reports and documents, and prepare reports regarding important Japanese scientific discoveries and technical innovations.

#### **SB 2320 (Garamendi)—Foreign Investment in California Report.**

Requires the Department of Commerce to publish a report by January 1, 1990, and annually thereafter, on foreign direct investment in California, and appropriates \$25,000 for that purpose.

#### **SB 2722 (Craven)—Commerce Department—Mexico Border Issues.**

Requires the California Department of Commerce to maintain regional offices in the San Francisco Bay Area, Los Angeles County, and the greater San Diego area and requires the San Diego office to monitor economic development issues involving the California-Mexico border. The bill also elevates the department to cabinet level and makes the Director of Commerce an officer of the Governor's cabinet.

**SB 2866 (Alquist) — California Center for the Study of Asia.**

Creates the California Center for the Study of Asia, a nonprofit public benefit corporation, comprised of 11 members, to help private industry and university and government officials to develop a better understanding of Asian business practices, language and culture, science and technology developments, and ways to improve relations between California and Asian nations. Requires the board of directors to conduct a study to identify and assess the feasibility of establishing a permanent center.

**AB 2874 (Elder) — Foreign Investments of STRS and PERS Funds.**

Prohibits the State Teachers' Retirement System (STRS) and the Public Employees' Retirement System (PERS) from investing in any security issued by a corporation which is incorporated in another country and is controlled by persons who are not citizens of the United States and whose principal operations are conducted in a nation other than the United States.

**AB 2987 (Killea) — High Technology Export Program.**

Establishes and appropriates \$250,000 for the High Technology Export Marketing Incentive Program to assist high technology firms of this state by providing matching funds for the purpose of creating, expanding, or maintaining high technology markets abroad.

**AB 4402 (Killea) — Mexico Relations.**

This bill would replace the Office of California-Mexico Affairs with the Office of Mexico Relations in the Governor's office for the purpose of coordinating California's relations with the Republic of Mexico and its component states. It would establish a new 11-member Commission of the California's and a 9-member Advisory Committee on California-Mexico Relations within the office and retain the California Office of the Southwest Border Regional Conference.

**AB 4403 (Killea) — Foreign Sales Corporations.**

Authorizes the California State World Trade Commission to develop and sponsor shared foreign sales corporations for California exporters, port authorities and trade associations, and also permits a foreign sales corporation to determine its income subject to taxation under the Bank and Corporations Tax Law by the exclusion from business income of exempt foreign trade income.

**AB 4404 (Killea) — Governor's Office of International Business.**

Creates in the Office of the Governor the Office of International Business which would be responsible for coordinating the international business and related activities of all state agencies, departments and commissions involved in international, trade and foreign investment including the operation of overseas offices.

**AB 4405 (Killea) — Export Finance Program — Accounts Receivable.**

Authorizes the California Export Finance Office to act as an agent for creditworthy California exporters to sell accounts receivable that are insured by the Foreign Credit Insurance Association to qualified parties and to function as a clearing house for collection and disbursement of funds relative to those sales through the use of a segregated bank account.

**AB 4221 (Bronzan) — California Overseas Trade Offices.**

States legislative findings concerning California's overseas offices in Tokyo and London requires the Governor to establish an overseas trade office in Taiwan.

***Tourism***

**AB 2856 (Farr) — California Tourism: Miscellaneous.**

Adds the Director of Tourism to the California Tourism Commission, and makes various other minor changes in the law regarding the Office of Tourism, Department of Commerce, and the California Tourism Commission.

**AB 2857 (Farr) — International Tourism.**

Appropriates \$1,000,000 from the General Fund to the Department of Commerce for the purpose of marketing California tourism internationally.

**AB 3379 (Quackenbush) — Tourism Plan: Licensing & Trademarks.**

Requires that the annual tourism marketing plan developed by the California Tourism Commission identify licensing opportunities and licensing agents and provides that trademarks developed by the Department of Commerce in fulfillment of tourism and other department responsibilities shall not be construed as an official endorsement of the State of California.

**AB 4521 (Hannigan) — Transient Occupancy Taxes.**

Requires cities and counties to expend the proceeds from any new transient occupancy taxes and pay any increases in such taxes levied after July 1, 1989, solely for specified purposes relating to tourism, convention, and travel promotion services and facilities.

**ACR 116 (Farr) — Travel and Tourism Month.**

Proclaims May 1988 as Travel and Tourism Month and urges the Office of Tourism to cooperate with various tourism related organizations to designate and promote appropriate events, ceremonies, and activities commemorating Travel and Tourism Month.

**ACR 127 (Farr) — Interagency Task Force on Tourism.**

Requests the Governor to convene an Interagency Task Force on Tourism to be composed of representatives from specified state agencies for the purpose of assisting the Department of Commerce and the Office of Tourism to develop a tourism marketing plan and to help identify and solve problems in the delivery of visitor services.

## ***Small Business***

### **SB 539 (Keene) — Underground Storage Tank Cleanup.**

Establishes a number of requirements on the operation of underground storage tanks and creates the California Petroleum Underground Storage Tank Financing Authority, to make loans to small businesses to repair, upgrade, or replace underground petroleum storage tanks to meet applicable state or federal standards.

### **SB 700 (Robbins) — Small Business Finance.**

Creates the California Small Business Finance Investment Authority and the California Small Business Finance Investment Commission. The primary purpose of these is to issue taxable and tax-exempt bonds (secured by federal guarantees and privately insured state guarantees), the proceeds of which would be used by the commission to invest in small business loans at no more than 3/8 of 1% above the cost of the bonds sold.

### **SB 2028 (Watson) — GAIN: Self-Employment.**

Requires the Director of Social Services to establish at least 2, and not more than 6, demonstration projects in which participants under the Greater Avenues for Independence program would receive training in business development and self-employment, and requires a certain number of the projects to train participants to work in child care centers or as family day care providers.

### **SB 2805 (Marks) — Small Business Assistance.**

Requires the Department of Commerce, in conjunction with other state agencies, to prepare a plan for an automated small business data base, accessible from remote locations, and to deliver a report to the Legislature outlining a plan for implementation.

### **SB 2516 (Roberti) — Loans; Minority and Women-Owned Businesses.**

Requires the Department of Commerce to administer a program to provide loans to eligible minority or women owned business enterprises. The department would be required to approve 20 loans per year for 5 years and each loan would be limited to an amount not exceeding \$50,000 and a term not exceeding 15 years. The bill also appropriates an unspecified amount from the General Fund to the revolving loan fund established by the bill.

### **AB 1354 (Wright) — PERS: Small Business Venture Capital.**

Authorizes the Board of Administration of the Public Employees Retirement System to maintain not more than 1% of PERS assets or \$500 million, whichever is less, in small business venture capital.

### **AB 2771 (Chacon) — Small Business Incubators.**

Requires the Department of Commerce to prepare a study on ways the state can help to develop small business incubator corporations within economically distressed areas.

### **SB 1650 (Marks)—Small Business Incubator Development Plan**

Appropriates \$50,000 to the Department of Commerce and requires the department to contract to produce a Small Business Incubator Development Plan for the Legislature and the Governor by July 1, 1989.

### **SB 1797 (Torres)—Small Business Development Center Plans**

Requires that Small Business Development Center plans shall include information on, and promotion of, small business incubators, defined as facilities that allow new small businesses to increase their probability of success by sharing needed equipment, services, and facilities.



## ***Science and Technology, Research and Development***

**SB 2223 (Garamendi) — Science Advisor Advisor to Governor.**

Creates in the Office of the Governor, a civil service-exempt Science and Technology Advisor, appointed by the Governor with specified duties regarding research and development in Science and Technology. It also creates a 14-member California State Research Council, a public nonprofit corporation independent of state government, to perform specified tasks at the request of the advisor, and appropriates \$162,000 from the General Fund.

**SB 2322 (Garamendi) — Experimental Manufacturing Systems Facility.**

Requires the office of the Governor to develop with the City of Los Angeles and other agencies a proposal for siting an Experimental Manufacturing Systems Facility to house flexible manufacturing systems for the U. S. Navy and the Institute on Manufacturing and Automation Research, and appropriates an unspecified sum to the Governor's Office for the facility.

**SB 2433 (Alquist) — Science Commission.**

Creates in the Governors office a nonprofit public benefit corporation called the California Commission on Science and Advanced Technology Research and Development to encourage science and advanced technology research and development and creates a California Science and Advanced Technology Research and Development Fund to which it would appropriate \$21 million from the Special Account for Capital Outlay.

**AB 4440 (Cortese) — Pacific Rim Supercomputing Center.**

Declares the intent of the Legislature to establish the Pacific Rim Superconducting Center in coordination with the Technology Center of Silicon Valley to support research and education in computer services, and to provide an investment package to the center annually based on a prescribed matching formula for the purpose of channeling local private and public investments into research and development of advanced computer technology. It also creates a special account and requires specified funds be transferred to the account, including \$10 million annually from the California Unitary Fund.

For more information please contact John Griffing, (916) 445-1727, Senate Office of Research

## AGRICULTURE

Over the past several years, California farmers have been squeezed by rising costs and shrinking international markets. To a large extent farm-related legislation during this period has reflected this economic hardship, and the current session is no exception. Efforts to expand markets and producer-processor negotiations are among the most important agricultural issues in the Legislature. Another is the quality of foods that are imported into California, particularly with respect to the question of pesticide residues. The agricultural community is vitally concerned with laws and regulations affecting pesticide use, which is the subject of a separate section in this summary. A final noteworthy category of agricultural legislation involves the treatment of animals.

### ***Agricultural Marketing — Producer/Processor Negotiations***

#### **SB 2765 (Vuich) — Agricultural Marketing.**

Authorizes the Director of Food and Agriculture to obtain a writ of attachment against a person who has not paid fees due under the California Marketing Act of 1937 and/or the Agricultural Producers Marketing Law and to obtain injunctive relief until that person satisfies the judgment.

#### **AB 2642 (W. Brown) — Producers and Processors Negotiations.**

Authorizes the director of Food and Agriculture to provide mediation services if requested to do so by a cooperative bargaining association or by a processor engaged in bargaining under specified conditions. The bill also authorizes the director to require compulsory and binding arbitration, if requested, under specified circumstances.

#### **AB 2691 (Johnston) — California Pepper Commission.**

Creates the California Pepper Commission with a prescribed membership and districts, and prescribe its powers, duties, and responsibilities. The commission would be authorized to carry on programs of production research relating to peppers and to levy an assessment on producers and handlers for purposes of carrying out the provisions of the bill.

#### **AB 4107 (Jones) — Producers and Processors Negotiation's.**

Authorizes the director of Food and Agriculture to provide bargaining assistance if requested to do so by a cooperative bargaining association or by a processor if, in the director's judgment, the association and the processor have reached an impasse and the director believes bargaining assistance may aid in the parties negotiating an agreement.

### ***Agricultural Trade — Imported Food Standards***

#### **SB 124 (Mello) — Contents of Imported Wine.**

Prohibits any person licensed by the ABC department from importing foreign wine or foreign grape concentrate into California unless that person certifies that each shipment meets all the requirements of the Sherman Food, Drug, and Cosmetic Law and authorizes the Department of Health Services to charge fees to cover the cost of administering this program.

**SB 554 (McCorquodale) — Imported Food.**

Authorizes a county board of supervisors, upon making a finding that extraordinary circumstances have resulted in the need for inspection of imported fruits, nuts, or vegetables for enforcement of Food and Agriculture Department regulations, to establish fees to be charged the importer to cover the cost of such inspections.

**SB 2769 (Torres) — Imported Produce: Pesticide Tolerances.**

Prohibits importation of foreign fruits, nuts, vegetables, lamb, poultry, beef, pork, dairy products, small grains, or any other food item in its raw, natural, processed, or refined state which contains a pesticide residue banned or not registered in this state and requires the departments of Food and Agriculture, and Health Services, to evaluate the results of residue monitoring and report on the disposition of any food items that exceeded pesticide residue tolerance levels.

**AB 477 (N. Waters) — Imported Produce Recall.**

Authorizes the director of the Department of Food and Agriculture to order imported produce handlers to recall any imported produce that contains unlawful pesticide residues, to issue surveillance, compliance, and embargo orders to control the importation of foreign produce, and to survey the major public school systems to determine the country-of-origin and procedures utilized to purchase produce.

**AB 932 (N. Waters, Areias, W. Brown, Costa, Eastin, Hauser, Jones, Statham, and Zeltner) — Certification of Imported Food Products.**

Requires the Director of Food and Agriculture in the case of imported raw food products, and the State Director of Health Services in the case of imported processed food products, to establish a certification program to be implemented by January 1, 1989, by which public schools and state facilities may be assured of the health and safety qualities of these products.

**AB 1365 (Costa) — California Agricultural Museum.**

This bill would establish a new California Agricultural Museum in Fresno.

**AB 3342 (Seastrand) — Labeling of Imported Foods.**

Requires any food which is either processed out of the United States, or which contains fruits, vegetables, or nuts grown outside of the United States, to contain a label indicating the country where the food is grown or processed.

**AB 4219 (Bronzan) — World Trade Commission — Agriculture Study.**

Requires the commission to examine the role of international competition on California's agriculture industry and to report its findings and recommendations to specified state officers, and appropriates an unspecified sum for that purpose.

***Cruelty to Animals***

**SB 2136 (Davis) — Equine Treatment.**

Makes a felony out of specified acts of cruelty to animals that are now classified as misdemeanors, and would also enact new criminal provisions governing the care and feeding of equines, as defined.

**AB 2653 (Bates) — Animal Enclosures.**

Provides that any person who raises a calf for the production of veal must do so in an enclosure that meets specified minimum size standards. Violators would be subject to prison terms, fines, or both.

**AB 4023 (Filante) — Animal Treatment at Auctions.**

Specifies requirements for the treatment, by sellers, haulers, handlers, and buyers, of animals during transportation to or at livestock auctions and auction yards, prohibits certain types of treatment of these animals, and prescribes equipment and facilities for them at the auctions and auction yards.

For more information contact John Griffing, (916) 445-1727, Senate Office of Research.

## STATE AND LOCAL FISCAL ISSUES

June of 1988 marks the tenth anniversary of the passage of Proposition 13. This "Taxpayer's Revolt" significantly reduced the ability of local governments to raise existing taxes and levy new taxes. Immediately following the passage of Proposition 13, the State established a variety of subventions to "bail out" local governments. "Bailout," as established by AB 8 (1979), has since become a permanent feature of state-local fiscal relationships.

However, the passage of bailout legislation has by no means eliminated the tension between the state and local governments, as they have struggled to claim their share of limited revenues. Conditions were further exacerbated by the passage of Proposition 4 in 1979, which established a Constitutional cap on state spending. Last year the so-called "Gann Limit" kicked into effect, requiring the State to return approximately \$1.2 billion in revenues back to the taxpayers.

A preliminary look at 1988 legislation does not reveal any major long-term solutions to the state-local fiscal problems. Rather, on the local government front, major bills are clean-up legislation to last year's trial court funding measure and the no-and-low property tax cities bill. The major state fiscal bills include a series of bond measures to be placed on the June and November ballots (debt payments are not counted under the Gann Limit) and a number of smaller measures which would affect the Revenue and Taxation Code.

### *Trial Court Funding Clean-up*

Last year's legislation required the State to provide block grants to local governments for the cost of trial court funding. In exchange, the fees and fines collected by the counties are sent to the State.

AB 2640 (W. Brown, Jr.) is the primary technical clean-up bill. It is anticipated that a number of Senate bills will be amended into one large piece of legislation which will address the following two issues:

- Whether to allow the counties to keep the fees and fines collected to implement state information systems (under the new law these fines are reverted back to the State).
- Whether the State should share with the counties those fees and fines collected which exceed the base year collection, plus the change in the inflation rate.

### *No-and-Low Property Tax Cities*

Local agencies receive property tax revenues based on their share of the property tax over the three fiscal years prior to Proposition 13. Cities which either never levied a property tax or which levied only low property tax rates are called no-and-low property tax cities.

These cities argue that they should receive a proportionate share of the property tax revenues. Last year, SB 709 (Lockyer) directed 16 counties to shift some of their property tax revenues to 103 no-and-low property tax cities. During the next 10 years these cities will eventually receive 10% of the property tax revenues generated within their community. However, the counties argue that this measure further erodes their property tax base.

**SB 1725 (Bergeson) — Repeal of Property Tax Shift.**

Repeals the property tax shift created by SB 709 and replace it with an annual \$25 million state subvention to cities. SB 1725 would not apply to Los Angeles County no-and-low property tax cities, which would continue to receive property tax revenues from the county.

The amount of revenues to be subvented to each city would be based on an amount equal to 10% of the property tax revenues generated by that community, less the amount of property tax revenues which go to other local agencies and the city itself.

**AB 1734 (Kopp) — Foster City Property Tax Exclusion.**

Excludes only one no-property-tax city, Foster City, from receiving an additional share of property tax revenues. Because Foster City's services are provided by a "subsidiary" special district (which already receives property tax revenues), it is argued that subventing additional San Mateo County revenues is unnecessary.

**SB 2070 (Bergeson) — Local Infrastructure Council.**

Local governments have increasing difficulty funding both construction of new public works and the proper maintenance of existing public works. The withdrawal of the state and federal governments from funding these public works has exacerbated this problem. This bill would establish a new council in state government to study and focus attention on the problems that local governments have with public works funding.

***Bonds on the Ballot***

The Senate has proposed a series of General Obligation bond measures to be placed on the June and November ballots. Revenues from the sales of these bonds would pay for a wide variety of public and private projects, including the following:

- K-12 school construction o Higher education school construction
- Housing
- Libraries
- Water quality facilities
- Prisons
- Streets, roads, and highways.

The Assembly has also proposed a number of companion bond acts — for a total bond "package" of \$6.2 billion. The magnitude and scope of the total package has been subject to numerous debates.

Opponents of the measures argue that passage of the bonds would (1) significantly increase the level of California's debt, and (2) set a dangerous precedent for further debt accumulation. Opponents also argue that transportation projects, which have traditionally been paid for on a "pay-as-you-go" basis, are an improper use of bond revenues. In addition, it is argued, debt financing is a more expensive way to pay for capital facilities than direct expenditures, because interest must be paid to investors.

Proponents of the measures argue that bonds are the only way of paying for much needed public projects without hitting the constitutionally established state spending limit. Proponents also contend California's debt burden is low relative to other states. In addition, it is argued that the state's high bond rating indicates a high level of investor confidence in California's debt policies.

A brief summary of the Senate proposals are provided below.

**SB 22 (Bergeson) — K-12 School Construction.**

Provides \$800 million in bond revenues to be used for new construction, modernization, air conditioning, asbestos removal, and deferred maintenance of K-12 schools.

**SB 703 (Hart) — Higher Education Construction.**

Provides \$600 million in bond revenues to be used for University of California, California State University, Community College, and the California Maritime Academy capital outlay projects.

**SB 1692 and SB 1693 (Roberti) — Low Income Rental Housing and Emergency Housing.**

These two measures would provide a total of \$450 million in bond revenues to fund capital outlay projects for rental housing construction, residential hotels, emergency shelters, the Family Housing Demonstration Program, Farm Labor Centers, and first-time homeowners.

\$300 million of bond issuance is slated for the November 1988 ballot. The remaining \$150 million of bond issuance would be placed on the ballot in 1990.

**SB 181 (Keene) — California Library Construction and Renovation Bond Act.**

Provides \$75 million in bond revenues to be used for constructing and renovating California's public libraries. Grants would be available to cities, counties, or library districts on a matching fund basis.

**SB 997 (Mello) — Water Quality Facilities.**

Provides \$65 million of bond revenues in grants and loans to local governments for municipal waste water treatment.

**SB 468 (Presley) — Prison Construction.**

Provides \$727 million for the construction of prisons in Northern Los Angeles County, Kern County, and Imperial County. The bill would also provide \$50 million in revenues for the California Youth Authority and \$40 million for county jails funding. The total bond measure would be \$835 million.

### **SB 140 (Deddeh) — Transportation Bonds.**

Provides \$1 billion in bond revenues to be used for transportation projects — \$300 million of which would be used by local governments and \$700 million to be used for state projects. Debt service incurred on this bond measure would be paid out of the General Fund. This measure also contains a provision requiring revenues exceeding the state constitutional spending limit to be used to accelerate the payment of outstanding bonds.

### ***Changes to California's Revenue and Taxation Code***

In 1987 the Legislature enacted two major pieces of tax legislation: AB 53 (Klehs) and SB 572 (Garamendi). These bills significantly conformed California's Personal Income Tax code and Bank and Corporation Tax code to federal tax law. The bills, which simplified state tax returns for the majority of California taxpayers, also lowered tax rates for both individuals and businesses.

The measures also eliminated a number of existing credits and deductions (such as the ridesharing tax credit), while simultaneously allowing taxpayers to take advantage of new exclusions (for example, the carryforward of net operating losses). A preliminary look at the bills introduced in 1988 suggests that regardless of last year's tax reform movement, there is still a great deal of interest in enacting new credits and deductions plus expanding existing ones.

For businesses, the unitary method of calculating multi-state corporate taxes continues to be a controversial issue. Although major unitary reform legislation was passed in 1986 (SB 85), there are still a number of technical issues that need clarification. Legislation has been introduced both by the Senate and the Assembly to address this problem.

The Senate has also introduced legislation in other tax areas, including measures which would do the following:

- Exempt local governments and the State from paying sales tax on purchases
- Change the gas tax base from gallonage to value
- Allow local governments to enact special taxes by a majority vote
- Allow disabled individuals to maintain the same property tax base value when changing residences

Below is a brief summary of selected bills which would make changes to California's Revenue and Taxation Code.

### **SB 1904 (Morgan) — Reinstates Ridesharing Tax Credit.**

In the final hours of the last legislative session, as the amendments to the two tax conformity bills were being worked out in conference committee, the credit for employer's who provided ridesharing programs for employees was eliminated.



The credit would be equal to 20% of the costs incurred by an employer for purchasing vehicles for ridesharing programs. In addition, the bill provides that compensation received by an employee for participating in a ridesharing program would not be included in the definition of gross income.

The purpose of this measure is to encourage businesses to provide ridesharing programs for employees. Because it is highly unlikely that California can "build its way out" of the transportation problem, measures such as this credit are viewed as positive ways of ultimately changing commute habits.

**SB 722 (Hart) — Child Care Facilities Credit.**

Creates a credit equal to 30% of the costs incurred by employers of establishing a child care program or constructing a child care facility for employee's children. In addition, the bill would create a credit equal to 50% of the costs incurred by an employer when contributing to a child care plan used by employee's children.

The purpose of this measure is to encourage employers to establish on-site child care programs. Businesses who may not have the space or capital to build an on-site facility, but who assist employees by paying some child care expenses, would also benefit from this measure.

**SB 1757 (Torres) — Credit for Unpaid Parental Leave.**

Requires employers to allow employees to take an unpaid leave of absence for the birth, adoption, or serious illness of a child. The employee would be allowed to miss up 18 weeks of work without losing their job, health insurance, life insurance, or pension benefits.

In addition, the measure would allow small business owners to receive a tax credit for providing unpaid leave to an employee. The credit would range from \$100-\$500, depending on the length of the unpaid leave.

The purpose of this measure is to allow employees to spend critical time with newborn, newly adopted, and seriously ill children. By allowing employers to claim a tax credit (the amount which is based on the length of the employee's leave), this provision serves to reduce the loss incurred by a small business owner when a worker is absent for an extended period of time.

**SB 1815 (B. Greene) — Long Term Medical Account Deductions.**

Allows individual taxpayers to deduct from gross income the amount deposited annually into an "individual medical account." Interest accrued in the account would also be exempt from state taxation. Amounts withdrawn from the account, if used exclusively to pay for catastrophic or long-term care medical services, would be exempt from taxation. However, amounts withdrawn which are not used for catastrophic or long-term care medical services would be subject to taxation.

The purpose of this measure is to encourage Californians to save money for future medical expenses. Hospitalization costs are increasing much faster than the general inflation rate; Medicare and Medi-Cal are reducing the number of services covered; and skyrocketing health insurance premiums are forcing some individuals to drop their coverage. This measure is aimed at encouraging individuals to save the resources necessary to pay for any potential "gaps" in their medical coverage.

**SB 2672 (Doolittle) — Credit for Establishment of AIDS Care Facilities.**

Allows a tax credit equal to the costs incurred by taxpayers of building in-home care facilities for persons with AIDS. The measure would also allow a credit equal to the costs of providing services to AIDS sufferers.

The purpose of the measure is to encourage the construction of new facilities to serve persons with AIDS. In addition, by also allowing a credit for the costs incurred when serving AIDS sufferers, the measure would encourage more health-service providers to work with persons with AIDS.

**SB 2517 (Roberti) — Workplace Literacy Tax Credit.**

Creates a tax credit equal to 25% of the costs associated with providing basic literacy training to employees. In addition, the bill also would establish a state Workforce Literacy Program which would provide grants to local governments to establish basic reading programs.

The purpose of this measure is to encourage employers to establish basic on-site literacy programs. It has been found that literacy training is much more effective when it is conducted at or near the worksite, during lunch hour, or after work. Because the (estimated) 4 million illiterate California adults are more likely than the general population to either be currently unemployed, or in danger of losing their jobs due to technological changes, this measure would assist in keeping the State's workforce competitive.

**SB 85 (Alquist) — Unitary Clean-up Legislation.**

Makes a number of technical changes to statutes enacted in 1986 (SB 85), which allowed multi-state businesses with California income to use the "water's edge" method of accounting for tax purposes.

The purpose of this measure is to clarify a number of technical issues regarding (1) the formula for determining a corporation's share of California dividends; (2) the definition of affiliated entities to be included under the water's edge formula; (3) the time frame allowable for a bank or corporation filing its domestic disclosure spreadsheet with the Franchise Tax Board; and, (4) the beginning year for determining a corporation's new investment in California.

Because the provisions of the original unitary Legislation went into effect on January 1, 1988, it is important that these issues are resolved soon.

**SB 416 (Kopp) — Sale Tax Exemptions for Governments.**

Exempts all purchases made by the State, cities, counties, special districts, and school districts, of over \$1,000 from the sales and use tax. Because state revenues will decrease due to local governments no longer paying a sales tax, this measure declares that the revenue loss will be deemed a tax rebate under the terms of Article XIII B of the Constitution (the Gann Limit).

The purpose of this measure is to reduce the amount of revenues that local governments are paying to the State through the sales tax. It can be argued that requiring one form of government to pay taxes to another form of government is an inefficient use of public funds. This is particularly true in California where local government's major source of revenue is derived from the state.

**SB 2600 (Garamendi) — Changes the Gas Tax Base.**

Changes the base of both the gas tax and the diesel tax. Currently, these taxes are 9 cent per gallon of gasoline or diesel. This measure would require that the taxes be based on the price at which the fuel is sold. The tax rate is unspecified.

The purpose of this measure is to more accurately "index" the motor vehicle taxes to changes in the overall price level. Currently, changes in gasoline and diesel prices are not accurately reflected in the tax revenues collected from these sources. This is because the current tax is a "flat" tax based solely on the amount of fuel consumed. By imposing an "ad valorem" tax on motor vehicle fuels, the revenues collected would increase as the price of gasoline rises (as opposed to the current situation in which an increase in price reduces the gallons consumed, resulting in lower revenues) and decrease as prices fall.

**SCA 13 (Deddeh) — Allows Local Voters to Impose Special Taxes by a Majority Vote.**

Allows special taxes to be imposed at the local level by a majority vote of the electorate.

Currently, Article XIII A of the Constitution provides that a 2/3 vote of the electorate is necessary to impose special taxes at the local level. The purpose of this measure is give communities in which the majority of those voting support a new special tax, the ability to levy that tax.

**SCA 40 (Petris) — Transfer of Property Tax Value For Disabled Taxpayers.**

Allows disabled individuals who move within the same county, to transfer the base year value of their old home to their new residence.

Currently, homeowners over the age of 55 are allowed to move, within the same county, and transfer the base year of their old residence to their new home. This measure would simply extend that principle to individuals who are disabled. The purpose of this measure is to protect disabled individuals from paying higher property taxes when they move to a new home of equal or lesser value than their old residence.

For more information, please contact Ann DuBay, (916) 445-1727, Senate Office of Research.

## SECTION II: ENHANCING QUALITY OF LIFE

### AIR QUALITY

Air pollution continues as one of California's most difficult problems. Eleven metropolitan areas in California exceed the federal ozone (smog) standard according to the EPA:

Los Angeles  
San Diego  
Sacramento  
Fresno

San Francisco  
Bakersfield  
Santa Barbara  
Modesto

Stockton  
Visalia  
Yuba City

In the South Coast Air Basin (the greater Los Angeles area), the federal standard is exceeded by up to 200 percent on roughly one half of the days each year. Following is a selected list of bills affecting air quality control efforts in the state.

#### **SB 1016 (Keene) — Vehicle On-Board Gasoline Vapor Control.**

Requires the Air Resources Board (ARB), prior to January 1, 1989, to require light-duty gasoline-powered vehicles manufactured in 1991 or later, except motorcycles, to have on-board vapor recovery devices. To require on-board vapor recovery, the ARB would have to determine that the devices: (1) would reduce hydrocarbon emissions in the South Coast Air Quality Management District by from 5 to 37 tons per day, (2) would not cost more than \$35 per vehicle, and (3) would be safe and cost-effective.

#### **SB 1274 (Senate Committee on Natural Resources and Wildlife) and AB 2930 (Sher) — Resurrection of Kapiloff Acid Deposition Act.**

These bills reestablish the Kapiloff Acid Deposition Act program. That act required the ARB to implement a comprehensive research and monitoring program related to acid deposition, and to submit a report to the Legislature by December 31, 1988, when the program expired. Senate Bill 1274 extends the program to January 1, 1995, and AB 2930 extends it to January 1, 1994. In addition, SB 1274 and AB 2930 would require the ARB to conduct public hearings to consider the adoption of state ambient air quality standards for atmospheric acidity, if it determines that adequate information exists to do so. The bills are substantially similar to AB 1471 (Sher), which was vetoed by the Governor in September 1987.

**SB 1997 (Presley) — Enhanced Vehicle Inspection and Maintenance Program.**

Enhances the existing biennial vehicle inspection and maintenance program (the smog check program), which was created by SB 33 (Presley) in 1982, and establishes emission reduction goals for the program. The existing program, which began operating in 1984, is administered by the Bureau of Automotive Repairs (BAR) in the Department of Consumer Affairs and has reduced hydrocarbon emissions from autos by approximately 12.3 percent, carbon monoxide by 9.8 percent, and oxides of nitrogen by 3.9 percent. The bill terminates the BAR and transfers its duties, including the smog check program, to the Department of Vehicle Inspection and Repair, which the bill creates in the Resources Agency. Enhancements of the smog check program contained in Senate Bill 1997 include:

- Elimination of the January 1, 1990 termination date of the program.
- Increasing the cost threshold for smog reduction repairs (not related to tampering) from \$50 to \$100 per inspection to \$60 to \$300 per inspection plus an annual inflation adjustment.
- Requiring manufacturers of cars built in 1990 or later to offer various emissions control warranties of up to 10 years or 100,000 miles.
- Requiring the ARB to develop an emissions inspection program for diesel vehicles to be implemented by the ARB and the California Highway Patrol.

**SB 2297 (Rosenthal) — Clean Burning Fuels Program in South Coast Air Basin.**

Requires the South Coast Air Quality Management District (SCAQMD), in cooperation with the Energy Commission, to establish by August 1, 1989, a five-year voluntary clean burning fuels program.

**SB 2499 (Davis) — South Coast Air Quality Management District Representation.**

Changes the relative power of the eleven members on the South Coast Air Quality Management District (SCAQMD) Board by changing the weight of various members' votes. Senate Bill 151 (Presley, Ch 1301/87) reorganized the SCAQMD and increased its authorities and responsibilities. The bill specified that the SCAQMD Board shall consist of the following representatives:

- 1 member appointed by the Governor
- 1 member appointed by the Senate Rules Committee
- 1 member appointed by the Speaker of the Assembly
- 4 members appointed by the four counties in the SCAQMD
- 4 members appointed from among the cities in each of the four counties in the SCAQMD.

Under SB 151, each member has one vote on the SCAQMD Board. Senate Bill 2499 weights the votes of the eight county and city members based on the relative populations of the counties from which they come. As a result, the county and city representatives from Los Angeles County would have a vote of value greater than 1 and the other city and county members' votes would be valued less than 1. In effect, votes by two members from Los Angeles County and one of the other members could result in a majority of the eleven members based on the voting formula in SB 2499.

**AB 514 (Clute) — Tire Burning Facilities.**

Prohibits the burning of tires in resource recovery projects in areas of the state that do not meet national clean air standards. The bill also requires the ARB and the Energy Commission to report to the Legislature by January 1, 1990 on waste tires. The provisions of the bill sunset on January 1, 1992.

**AB 1479 (Sher) and AB 3534 (Tanner) — Monitoring of Resource Recovery Projects.**

Requires the ARB, in consultation with the California Waste Management Board, to implement a statewide plan for monitoring the environmental and energy effects of refuse-derived fuel projects.

Assembly Bill 3534 requires the South Coast Air Quality Management District to specifically address the air quality effects of solid waste management activities throughout the South Coast Air Basin.

**AB 2595 (Sher) — Increased Pollution Control Effort.**

Requires the ARB and local air pollution control districts to increase their efforts to achieve the national air quality standards. The bill requires the ARB to report by December 31, 1988 to the districts on the feasibility of determining the air quality effects of various emission control measures. The bill also:

- Requires the districts to require greater controls on sources of pollution that are transported to other air basins.
- Requires districts that do not meet state standards to submit by July 1, 1989, a revised plan to attain the standards by specified dates.
- Requires the ARB to review every three years the plans of districts not meeting state air standards.
- Requires the ARB to begin by 1992 actions to effect a 50% reduction in organic gases from motor vehicles and a 25% reduction in oxides of nitrogen by the year 2000.
- Requires the Bureau of Automotive Repair to increase the effectiveness of the vehicle inspection and maintenance program by over 100 percent by 1990.
- Allows districts to assess polluters fees based on their contribution to air pollution. Currently, districts can only assess fees to recover their costs to administer district air pollution control programs.

**AB 3971 (Cortese) — Ride Sharing Rules for the Bay Area.**

Allows the Bay Area Air Quality Management District, in cooperation with the Metropolitan Transportation Commission, to require employers of at least 100 employees to institute ridesharing and carpooling programs. This provision is similar to the authority granted by SB 151 (Presley) in 1987 to the South Coast Air Quality Management District.

**AB 4355 (Connelly) — Creation of a More Powerful Air Quality Control Program in Sacramento County.**

Replaces on July 1, 1989 the Sacramento County Air Pollution Control District with the Sacramento Metropolitan Air Quality Management District, and vests the new district with broader regulatory authorities and responsibilities. The bill allows the counties of Yolo, Solano, and Placer (or any portion of each) to join the new district at their discretion. Among its provisions, the bill:

- Allows the district to assess stationary air pollution sources and registered motor vehicles fees to cover the administrative costs of the district.
- Requires the district to require best available control technology on new sources of pollution and best available retrofit control technology on existing sources.
- Allows the district to require vehicle fleet operators to use clean burning fuels (such as methanol).
- Allows the district to adopt ridesharing, van pooling, flexible work hour, and other transportation improvement regulations.
- Allows the district to control area sources (non-point sources such as landfills and architectural coatings).

For more information, please contact Buzz Breedlove, (916) 445-1727, Senate Office of Research.

## WATER QUALITY

Major bills in water quality focus on discharges in Santa Monica Bay, safe drinking water, and cleanup of toxic hot spots in bays and estuaries.

### **Santa Monica Bay Water Quality**

Hazardous levels of water and marine life contamination have been reported in Santa Monica Bay. Roughly 475 million gallons of sewage is dumped into the bay each day, 75 percent of which has not been fully treated. This condition has violated the federal Clean Water Act for 14 years. The U.S. Circuit Court of Appeals has stipulated that the sewage discharges shall meet federal standards by 1998.

The three bills below specifically address the Santa Monica Bay pollution problem.

#### **SB 594 (Rosenthal) — State Review of Discharge Data.**

Requires the State Water Resources Control Board to independently review discharge data submitted to the U.S. Circuit Court of Appeals in connection with the court mandated schedule for complying with the Clean Water Act in the Santa Monica Bay. The board shall also evaluate options for expediting the clean up process. Requires the board to annually submit a report on its findings to the Legislature.

#### **SB 1846 (Rosenthal) — Ocean Resources Monitoring System.**

Requires the Ocean Standards and Policy Unit within the State Water Resources Control Board to establish a pilot Ocean Resources Monitoring System to measure the water quality of Santa Monica Bay and to explore options for improving its waters and environment. The bill requires the board to report annually to the Legislature on its findings.

#### **SB 2106 (Rosenthal) — Creation of Santa Monica Bay Protection Fund.**

Creates the Santa Monica Bay Protection Fund in the State Treasury. The bill authorizes the State Water Resources Control Board to designate local agencies to collect voluntary contributions for (1) the control and abatement of pollution in Santa Monica Bay and (2) the protection, enhancement, and restoration of fish, marine habitat and water quality of the bay. The voluntary contributions would be made in conjunction with payment of the sewer services bills of area residents.

### ***Other Selected Water Quality Bills***

#### **AB 1987 (Hayden) — Marine Pollution Risk Assessment.**

Requires the Department of Health Services, in cooperation with all affected state agencies, to implement a state marine pollution risk assessment program, which shall include testing of sea life for toxic residues. The bill requires the department to provide the Legislature with a comprehensive plan for the program by January 1, 1990. The bill appropriates \$75,000 from the Environmental License Plate Fund to the department to implement the program.



**AB 3726 (Stirling) — San Diego Toxic Hot Spots Cleanup Program?**

Requires the San Diego Regional Water Quality Control Board to implement a toxic hot spots cleanup program to identify toxic hot spots in area waters and possible mitigation measures.

**AB 3911 (Sher) — Safe Drinking Water Act of 1988.**

Requires the Department of Health Services to adopt recommended public health levels and primary drinking water standards, and requires the department to promulgate, by 1990, standards for best available control technology to meet these levels and standards. Also requires public water systems to inform consumers of contaminant levels and to take measures to meet the levels and standards established by the department. The department is to develop a fee schedule for public water systems to support the program.

**AB 3947 (W. Brown) — Toxic Hot Spots Cleanup.**

Requires the State Water Resources Control Board and the regional boards to identify and characterize toxic hot spots in enclosed bays and estuaries and to restore identified sites for beneficial uses. The state board is to develop by 1991 thresholds for toxic sediments in identified hot spots. Regional boards would be required to complete by 1992 a cleanup program at the identified sites.

**AB 4242 (Hayden) — Requirements for Discharge of Waste into Coastal Waters.**

Requires the State Water Resources Control Board to determine the capacities of state coastal and bay waters to accept pollutant discharges and to develop discharge requirements based on its findings. The bill appropriates \$10 million from the General Fund to implement the program.

For more information, please contact Buzz Breedlove, (916) 445-1727, Senate Office of Research.

## **PESTICIDES & PROPOSITION 65: RISKS & REGULATIONS**

In the 1980s California has led the nation in identifying and restricting the use of hazardous substances. California enacted tough legislation, such as the Birth Defect Prevention Act of 1984 (Petris) and the Pesticide Contamination Prevention Act of 1985 (Connelly), providing the state with public health and environmental protections not afforded by federal programs.

In spite of California's 'lead' in the regulation of toxics, numerous problems remain to be addressed, ranging from decades-old controversies such as farmworkers' right-to-know to more contemporary issues like exposures to household pesticides. And Californians have recently demonstrated their preference for tougher laws with the passage of Proposition 65 — The Safe Drinking Water and Toxic Enforcement Act of 1986.

Proposition 65 is significant for both its breadth and the nature of regulation. In one year, the initiative measure has restricted a larger number of toxic substances than many federal programs have regulated in the past decade. More important than the number of substances regulated, however, is the initiative's shift in the burden of proof. In contrast to older regulatory efforts that demanded extensive public resources, Proposition 65 places increased responsibility on the manufacturers of toxic substances to prove their substances are safe.

### ***New Measures to Prevent Poisoning, Regulate Pesticides***

#### **SB 1838 (Ayala) — Pesticide Residue Tolerance.**

Provides the Director of the Department of Food and Agriculture with the discretion to establish the tolerance for any pesticide residue on produce at zero upon finding that a greater tolerance is not factually justified. The bill would also require the director to consult with the Director of Health Services in making this determination.

#### **SB 2475 (Petris) — Child Poisoning Prevention Act.**

Provides expanded services for prevention and treatment of poisonings, particularly for illnesses affecting infants and children. The expanded services include the creation of a child poisoning prevention service, medical surveillance of pesticide and other toxics related illnesses, and physicians' access to ingredient information for the diagnosis and treatment of poisonings. The services would be funded by an increased fee to be levied on household pesticides.

#### **AB 4097 (Connelly) — Food Safety and Pesticide Enforcement Act.**

Identifies a group of pesticides known to pose a carcinogenic hazard and require practical analytic testing methods for monitoring their presence in food. The measure would prohibit the reregistration of pesticides lacking practical analytical methods for detection in food. Additionally, the bill requires improved record-keeping practices to track and to identify specified pesticides.

The issue of pesticides residues in food has received renewed attention with the recent publication of a report by the National Research Council, **Regulating Pesticides in Food**. The NRC report has resulted in extensive debates about carcinogens in food. The Connelly bill focuses attention on a specific issue — the ability of regulatory agencies to detect and track carcinogenic residues on raw and processed foods.

**SB 2587 (Torres) — Review of Testing Labs.**

Requires the Department of Health Services to review existing and proposed laboratory certification programs relating to hazardous chemical residues, including pesticides. The legislation requires the Department to appoint an advisory committee (with representatives from agriculture, independent laboratories, and others) to review various factors, including technical procedures, protocol requirements, and surety bonds or liability insurance.

The analysis of chemical residues reflects an area of considerable public controversy regarding independent laboratory practices. Much of this controversy focuses on practices by retail grocers' use of independent laboratories to identify pesticide residues on food, which while conforming to legal standards, may pose a public health risk. A related measure, AB 3812, has been introduced by Assembly Member Norm Waters.

**SB 669 (Petris) — Agricultural Posting.**

Requires the Department of Food & Agriculture to post signs warning field workers of occupational hazards from exposures to specified pesticides.

Legislation addressing field workers' right-to-know about hazards in the workplace has been introduced in numerous measures introduced since the early 1960s. The Department of Food & Agriculture has adopted regulations providing certain greater protections; however, there are still many instances in which field workers are not warned about workplace hazards.

**AB 2759 (Jones) — Groundwater Pollution.**

Revises the definition of "pollution" for purposes of the Pesticide Contamination Prevention Act to mean the alteration of the groundwaters of the state by an active ingredient, other specified product, or degradation of an active ingredient, to a degree which creates a hazard to public health.

**AB 3812 (N. Waters) — Pesticide Residues: Laboratories.**

Requires every laboratory which tests farm products that have been purchased, received, or sold in this state for the purpose of determining pesticide residue levels contained therein to be accredited by the director of Food and Agriculture, to meet specific bonding requirements, and to report any finding of residues that are in excess of federal or state residue tolerances within 24 hours of making the finding.

**SB 951 (Petris) — Pesticides: Birth Defect Prevention Studies.**

Under the Birth Defect Prevention Act of 1984, the State Director of Health Services has access to health effects studies of active ingredients in pesticides on file at the Department of Food and Agriculture and may provide advice concerning the risks to human health associated with exposure to the substances tested. This bill would specify that the state director shall have access also to exposure studies on file at the department regarding active ingredients.

**SB 2809 (Garamendi) — Food Safety Research Act of 1988.**

This bill, to be known as the Food Safety Research Act of 1988, would declare the intent of the Legislature that the Regents of the University of California establish a program to support competitive grants for specified food safety research.

***Prop 65: Making It Work***

**SB 2406 (Senator Seymour) — Prop 65 Preemption.**

Prohibits local agencies from enforcing or implementing any new regulation if the State Department of Health Services has adopted a regulation pursuant to Prop 65. Preemption of local jurisdiction over the act by state agencies assures the uniform enforcement and implementation, but eliminates the ability of local agencies to exceed the public health and other protections adopted by the State Department of Health Services.

**SB 269 (Senator Kopp) — Expands Prop 65.**

Places before the voters on the November 8, 1988 ballot language requiring public agencies to conform to the provisions of Proposition 65.

**AB 1028 (Katz) — Expands Prop 65.**

Includes all local, state and federal agencies within the exposure prohibitions required by Proposition 65.

Existing law exempts government agencies from warning, discharge prohibitions, and other provisions of Proposition 65. This legislation prohibits public agencies from knowingly discharging or releasing a chemical known to the state to cause cancer or reproductive toxicity without giving a specified warning.

**AB 2714 (Jones) — Exposure Levels.**

Revises the definition of "significant amount" for purposes of the discharge prohibitions, exempting exposures of reproductive toxins to a level of 100 times the level in question.

The proposition currently provides an exemption from the warning requirements for "exposure at one thousand (1000) times the level in question for substances known to the state to cause reproductive toxicity . . ." The change in standards would potentially release various manufacturers from warning requirements while increasing the permissible public exposures to reproductive toxins.

For more information, please contact Bruce Jennings, (916) 445-1727, Senate Office of Research.

## **TOXIC SUBSTANCES AND HAZARDOUS WASTE MANAGEMENT**

Minimizing the use of hazardous substances and the generation of hazardous waste is the best way to reduce the environmental threat of leaking landfills, toxic air emissions, and contamination of the state's water resources. The Federal Resource Conservation and Recovery Act, as amended in November 1984, declared the reduction or elimination of hazardous waste as a national policy. Reducing the hazardous waste stream is also a high priority for California. In addition, the legislature is still grappling with the need to cleanup existing hazardous sites, generate the needed revenues to fund the cleanup and enforcement programs, and ensure safe transit for hazardous wastes.

### **SB 714 (Roberti) — Hazardous Waste Reduction.**

Requires that generators of hazardous waste conduct a review of their operations to determine opportunities to reduce the hazardous waste generated. Requires that a plan be developed based on the generator's review delineating the activities the generator will implement to reduce their hazardous waste.

### **SB 1098 (Campbell) — Dry Batteries Recycling.**

Requires that all sellers of dry batteries accept dry batteries for the purpose of recycling.

### **SB 2711 (Alquist) — Lead Acid Batteries Recycling.**

Establishes a deposit-refund system for lead acid batteries and creates the Occupational Disease Prevention Fund.

### **SB 2767 (Petris) — Hazardous Substance Use Reduction.**

Requires that businesses that handle hazardous materials supply certain information about their use. The bill creates a Department of Hazardous Substance Use Reduction to administer the hazardous substance use reduction program established by the bill. Establishes an Administrative Council on Hazardous Substance Use Reduction whose varied responsibilities would include the coordination of state laws to effectively promote hazardous substance use reduction. By July 1, 1991 the Council is mandated to establish a list of hazardous substances to be phased out. Creates the Hazardous Substance Use Reduction Institute to perform various functions including educational assistance and training on hazardous substance use reduction. The institute is required to establish an Institute Advisory Committee. Requires that every handler of hazardous substances should complete a hazardous substance use reduction plan. The department is required to establish a Division of Technical and Financial Assistance and an Inspection Division to coordinate and support enforcement of the program. Imposes a tax on the manufacturing and production of hazardous substances.

### **AB 236 (Farr, et al.) — Grants for Hazardous Waste Reduction.**

Appropriates \$1 million to provide grants to counties for hazardous waste reduction programs.

**AB 3204 (Tanner) — Lead Acid Batteries.**

Prohibits the disposal of lead acid batteries at certain locations and requires dealers to accept a lead acid battery from a consumer in exchange for the purchase of a new lead acid battery.

**AB 4498 (Sher) — Recycled Oil.**

Requires that state and local agencies of government give preference to recycled oil when procuring oil.

***Cleaning Up Releases of Hazardous Substances***

The Administration is proposing a new hazardous substance cleanup bond measure in the amount of \$200 million for the November 1988 ballot (See SB 2816 below). Key legislative issues in this area concern the appropriateness of using bonds to fund cleanup activities and the ability of the department to implement the program. Hazardous substances leaking from underground storage tanks are presenting a major threat to the state's groundwater. The state water board has identified approximately 176,000 underground tanks statewide. The board estimates that up to 25% of these tanks have or are leaking hazardous substances. About 5900 tanks have already been reported to the board as leaking.

**SB 539 (Keene) — Underground Tanks.**

Creates a State Underground Tank Insurance Fund to transact insurance for underground tank owners. The bill would also establish the California Petroleum Underground Storage Tank Finance Authority to make loans to small businesses to repair, upgrade or replace underground storage tanks. The program is funded by a fee on gasoline sold in California.

**SB 842 (Torres) — Loans.**

Establishes a loan insurance program to enhance the ability of responsible parties to obtain funds to comply with an order from a state or regional water quality control board to cleanup a release of hazardous substances.

**SB 2276 (Seymour) — Indemnification.**

Authorizes the Department of Transportation, the Department of Corrections, and the State Architect to indemnify and hold harmless contractors who are engaged for the cleanup of hazardous substance release sites.

**SB 2816 (Seymour) — Cleanup Bond Act.**

Authorizes the sale of \$200 million in General Obligation Bonds for the cleanup of sites where hazardous substances have been released including releases from underground tanks.

**AB 1453 (Tanner) — Loans.**

Authorizes the Hazardous Substance Cleanup Financing Authority to issue loans to finance projects to comply with certain requirements imposed on toxic pits and underground storage tanks containing hazardous substances.

**AB 3201 (Tanner) — Cleanup Bond Act.**

Provides for the sale of \$100 million in general obligation bonds for the cleanup of sites where hazardous substances have been released.

**AB 4373 (La Follette) — Treble Damages.**

Allows the imposition of punitive damages for failure to provide cleanup actions of up to three times the costs incurred as a result of that failure.

***Hazardous Waste Fees***

The Hazardous Waste Control Account (HWCA) funds the state's hazardous waste management programs. The HWCA is mostly supported by fees collected from the disposal and generation of hazardous waste and from hazardous waste facilities. The current HWCA fee structure for this account expires on July 1, 1988 and it is projected that the account may have a \$6.6 million shortfall. Unless the HWCA is renewed and the shortfall addressed there may not be sufficient revenues in the account to support essential regulatory costs.

**SB 2094 (Torres), SB 2432 (Alquist), AB 3599 (Wright & Farr), AB 4052 (Sher) — Extension of Fees.**

Extend the July 1, 1988 termination date for the existing Hazardous Waste Control Account fee structure. AB 3599 and SB 2094 extends the sunset to 1-1-89, SB 2432 extends the sunset to 7-1-90, and AB 4052 extends the program until 7-1-91. In addition, AB 4052 imposes the fee on hazardous waste that is to be disposed outside of the state.

***Transporting Hazardous Material***

Over 170 million tons of hazardous materials are transported annually in California. Between four and five million truckloads move on California highways each year. Several bills have been introduced to minimize the hazards posed by the transportation of these materials.

**SB 485 (Boatwright) — Equipment.**

Prohibits the transportation of hazardous materials in a vehicle that is not equipped with certain equipment.

**AB 2705 (Katz, et al.) — Inhalation Hazards.**

Imposes specific requirements for the transportation of hazardous materials being transported in bulk packaging relating to equipment and personnel that would be required to accompany vehicles carrying inhalation hazards.

**AB 3003 (La Follette) — Equipment.**

Requires certain vehicles transporting acutely hazardous materials to be equipped with an onboard computer to record driving hours and other specified requirements.

**AB 3188 (Tanner) — Out-of-State Transportation.**

Makes certain requirements for hazardous waste being transported to another state or to a foreign country.

**AB 3722 (O'Connell) — Notification.**

Requires that advance notification be given by carriers transporting toxic air contaminants.

For more information, please contact Martha Valdes, (916) 445-1727, Senate Office of Research.



## **SOLID WASTE MANAGEMENT— DIMINISHING LANDFILLS**

As the capacity for burying municipal solid waste diminishes and the potential for siting additional landfill dwindles, California must seriously consider how to best manage the nearly 39 million tons of solid waste generated each year by the residents of California.

The garbage crisis is imminent. According to California Waste Management figures, most major urban regions of the state will run out of landfill space on or before the year 1996 unless new landfills are sited. The state, however, can no longer solely depend on the expansion of existing landfills or of finding additional land because citizens have successfully opposed the siting or expansion of landfills.

Legislation in this area is focused on an array of policy choices for minimizing the use of landfills and finding alternative means to divert usable materials from the municipal waste stream or reducing the amount of materials going into waste stream.

### **SB 188 (Alquist) — Tax Credits for Recycling.**

Allows a 10% credit on the amount paid for recyclable secondary material that was recycled within California by the taxpayer.

### **SB 2037 (Rosenthal) — Polystyrene Plastic.**

Prohibits any state agency from procuring polystyrene plastic products for use in any state project unless there is no feasible alternative or the product is necessary to preserve and protect the public health and safety.

### **AB 612 (Sher, et al.) — Beverage Containers.**

Includes wine and distilled spirit coolers under the California Beverage Container Recycling and Litter Reduction Act.

### **AB 2831 (La Follette) — Recycling.**

Prohibits the issuance of a solid waste facility permit for a new landfill unless there is a recycling program in the community to be served.

### **AB 2862 (O'Connell) — Packaging Prohibition.**

Prohibits the production or packaging of a consumer product that contains a concentration level of a hazardous substance which cannot be recycled, treated, disposed of, or destroyed.

### **AB 2877 (Calderon) — County Recycling Plans.**

Enacts the Solid Waste Separation and Recycling Act of 1988 to require the adoption of a county recycling plan to contain the designation of recovery targets to recycle specified amounts of the municipal solid waste stream. Each county must include a solid waste collection system to provide recycling services and must require the separation of recyclable materials from the waste stream. Requires the Department of Conservation to prepare a report on recycling of scrap tires. Requires state agencies to give purchase preference to recyclable paving materials and to encourage the use of waste oil fuel. Includes recycling equipment for certain tax deductions.

**AB 3277 (Filante) — Procurement Requirements.**

Requires that state procedures for purchases of paper must ensure that at least 50% of all paper products purchased each year by the state are recycled paper products.

**AB 3298 (Killea) — Recycling.**

Enacts the California Recycling Act of 1988 and the California Recyclable Materials Market Act of 1988, creating the California Recycling Advisory Committee. Requires counties of over 100,000 people to include a county recycling plan that would designate a recycling coordinator, materials to be recycled, and methods of recycling, and either provide or adopt ordinances for contracts for recycling services. Also requires that cities with over 30,000 population establish a recycling program and coordinator.

In addition, the bill requires the State Procurement Officer to allow a 10% preference for recycled paper in the state purchases of paper products and require bid specifications and contracts for paving materials to allow a 15% preference for recycled paving and sub-base products use. Also authorizes an income tax credit for purchases of recycling equipment.

**AB 3299 (Killea) — Plastics Recyclability.**

Declares the intent of the Legislature that recyclable plastic containers and packaging shall indicate their composition.

**AB 3645 (Peace) — Plastics Recycling.**

Enacts the Plastic Recycling Act of 1988 under which it would be an infraction to sell consumers plastic materials, as defined, which either will likely be deposited in a waste disposal facility or have been littered in the state.

**AB 3761 (Connelly) — Polystyrene Plastic.**

Enacts the Polystyrene Plastic Reduction Act of 1988 making it an infraction to manufacture, distribute or sell to any person in the state on and after January 1, 1990, any product made of polystyrene plastic material.

**AB 3746 (Eastin) — Procurement Requirements.**

Requires all state departments to establish practices for the purchasing of recycled products to give preference to these products. Certain percentage requirements would be established by the Department of General Services. Also increases the preference to supplies of recycled paper products to 10%.

**AB 3915 (Sher) — Source Reduction & Recycling.**

Enacts the California Waste Management, Source Reduction, Recycling, Composting, and Market Development Act of 1988 to encourage the reduction of generated waste, capture concentrated sources of recyclable materials before they reach landfill, and process selected waste stream fractions into new products.

**AB 4515 (Tanner) — Waste Reduction.**

Enacts the Solid Waste Reduction Act of 1988 authorizing any city or county to provide specified solid waste handling services concerning recycling and processing facilities and allows any city or county to submit a solid waste reduction strategy to the Department of Conservation for their approval.

**AB 4234 (Clute) — Used Tires.**

Requires the Waste Management Board to authorize shredded tire storage at landfills, and to award funds for tire recycling activities. These awards are funded by a \$1 per tire surcharge on the sale of new tires. The bill requires the Department of General Service to give preference in state purchases to recycled tire products.

**SR 33 (Roberti) — Task Force.**

Establishes the Task Force on Waste Management with a varied membership, and requires, among other things, that the Task Force hold statewide hearings and develop a comprehensive legislative program to help solve the garbage crisis. The Task Force is to report its initial findings on or before December 1, 1988.

**ACR 100 (La Follette) — Recycling.**

Requests the Assembly and the Senate to provide collection services for all capitol legislative offices for recyclable paper products. It also requests the Department of General Services to indicate which items listed in its procurement catalogue are made from recyclable materials. It requests all Members of the Legislature and each state agency to promote recycling and reuse by ordering and using recyclable office supplies whenever possible.

For more information, please contact Martha Valdes, (916) 445-1727, Senate Office of Research.

## **PARKS AND RECREATION**

As California's population continues to grow, increasing pressure is put on local, state and federal recreation areas. The primary state contribution to meeting this burgeoning demand for recreation is the State Park System. The State Park System is managed by the Department of Parks and Recreation and is one of the largest such systems in the nation. The system encompasses many different types of units, including those dedicated to the preservation of natural areas, provision of recreation, and historic preservation.

The state park system has grown in recent years. The voters of the State of California have passed several bond acts which have provided a significant amount of funding for acquisition and development. This growth in capital spending has been accompanied by an increase in operations expenses. The growth in operations has been met by an increase in general fund contributions and park-generated revenues. The latter category includes concessions and admission fees.

The Department of Parks and Recreation also administers grants to local agencies for park and recreation acquisition, development and operations. The local grants were part of the state bond acts as well as the Roberti-Z'berg-Harris Urban Open Space and Recreation Program. The latter program, however, has not received state funding in recent years.

### **SCR 65 (Morgan) — Renovation of Stanford Home.**

The Department of Parks and Recreation is currently developing a general plan for the future of Stanford House, home of several of California's early governors. This resolution requests the Department consider the alternative of using the home to provide reception areas, conference rooms and overnight accommodations. The purpose of such uses would be to complement the State's recent emphasis on expanding ties with visiting dignitaries, trade missions and cultural delegations.

### **SB 565 (Presley) — Acquisition of Jones Ranch-Mendocino County.**

Provides \$6 million for acquisition of Jones Ranch near Westport in Mendocino County. In a unique gesture, the current owners have offered to return the \$6 million to the State for the purposes of benefitting the Statewide Air Pollution Research Center at the University of California, Riverside.

### **SB 1671 (Doolittle) — Donner Trail.**

This bill would direct the Department of Parks and Recreation to survey the historic wagon train route associated with the Donner party, to determine which sections of the trail are still in pristine condition and to develop a plan for preserving and acquiring those sections.

**AB 1794 (Costa) — Park Acquisition and Development Bonds.**

Provides for the sale of \$475 million of bonds for parks and recreation programs. As with all general obligation bonds, these must be submitted to the voters for their approval. Initially, this act, entitled the California Parks, Recreation and Historical Resources Bond Act of 1988, was intended to be submitted before the voters for the June ballot, but the qualification of a park bond initiative, the California Wildlife, Coastal and Park Land Initiative, has shelved plans for this bond act, pending a vote of the people on the initiative bond act.

**AB 2737 (M. Waters) — Youth Centers and Shelters.**

Provides \$350 million to the Department of Parks and Recreation for grants to public and private agencies for construction, rehabilitation and maintenance of youth shelters and youth centers. As with all general obligation bond acts, this act must be approved by the voters. It is intended that this bond act will be placed on the November ballot.

**AB 3350 (Floyd) — State Park Admission Fees.**

Prohibits the Department of Parks and Recreation from changing the current schedule of admission fees without prior legislative approval. The Department has raised fees twice within the last two years. The increases that took effect on January 1, 1987 were quite substantial and brought a flurry of protests. Because of the adverse impacts on attendance some had to be rescinded. The increase in admission fees has led some to be concerned that access to state park units is being denied to low-income groups.

If a new park bond act is passed, this could lead to a push for additional fee increases. The Department of Parks and Recreation will need additional funding to staff and operate the new/and or improved state park units.

**AB 3396 (Campbell) — Recreation Grants and Child Care.**

Authorizes recipients of state grants, under the Roberti-Zberg-Harris Urban Open Space and Recreation Program, to use some of the funds for child care. Eligible applicants under the program are cities, counties, recreation and park districts and school districts. Applicants would have to meet strict eligibility requirements before a child care project could be funded. The program targets children 10 to 14 years of age. The State has not, however, provided funding for this program in recent years.

For more information, please contact Roger Dunstan, (916) 445-1727, Senate Office of Research.

## **SECTION III: CARING FOR FAMILIES**

### **THE FAMILY FRONT AND CENTER: NEW REALITIES, NEW IDEAS**

"The Family" has become central to more public policy discussions in the past year than at any time in recent memory. With *The Cosbys* still number one in the Nielsen ratings, with the new federal tax law giving larger exemptions for spouses and children, with the high visibility of ministers in the presidential campaigns, with the increase in numbers of Democratic and Republican women officeholders, and with the U.S. economy depending on attracting and maintaining women into the workforce, images of the family are everywhere.

In the California Legislature this year, both houses will consider far-reaching changes in public policy in the broad arenas of parental leave, child care, divorce equity, welfare reform, and teenage parenting.

#### **SB 1757 (Torres) and AB 2738 (Moore)—Parental Leave.**

Last year, Assembly Member Gwen Moore successfully placed a measure before the Governor which would have provided an unpaid leave of up to four months to a parent who works for a firm with more than 25 employees and who request the leave. The Governor vetoed the bill, so this year Ms. Moore and Senator Art Torres are introducing new parental leave measures. AB 2738 (Ms. Moore's) is substantially the same bill which passed last year; SB 1757, Senator Torres's bill, offers the unpaid leave to parents who work for firms with more than 5 employees, and his bill provides a tax credit for the small business (fewer than 20 employees) with an employee who takes the leave.

The primary purposes of the parental leave bills are to provide infants with appropriate care without jeopardizing a family's access to economic security and the workforce and to add a realistic assessment of the dependence of our economy on the work of women with young children.

#### **SB 604 (Morgan), SB 1758 (Torres), and AB 3148 (Cortese)—Child Care.**

Three major child care bills this session that are receiving the most attention from child care advocates are SB 604 (Morgan), SB 1758 (Torres), and AB 3148 (Cortese). Senator Morgan's bill provides that subsidized child care and development programs shall receive a "statutory cost of living increase" each year. This "statutory COLA" is similar to that provided to K-12 instruction and to income maintenance programs such as AFDC and SSI.

Senator Torres's bill establishes a statewide planning process through the Department of Education, for the growth and improvement of child care services for all California's children. Mr. Cortese's bill provides about \$40 million to expand child care services to low-income children and families.

Each of these three legislators are carrying other measures which assist children and families. Senator Morgan's several pieces of child-related legislation have evolved from her work as chair of the Senate Select Committee on Infant and Child Development and Child Care. The Committee held a series of hearings around the state during the fall.

Senator Torres's child care bill, as well as his parental leave bill, is part of a set of five measures, the FOCUS package: Family Opportunity, Childcare, Unity and Survival. The other measures in the FOCUS package include a child and maternal health bill (described below), a recreation and fitness bill for school-aged children, and a bill to establish a state commission on children and youth. Mr. Cortese's children's bills come out of his Assembly Select Committee on Child Care.

### ***The Little Hoover Commission Report on Children***

During the past two years, the State's Commission on Government Organization and Economy (the Little Hoover Commission) has used a blue-ribbon advisory committee to look carefully at services to children and youth. The blue-ribbon advisory group consisted of children's services professionals and four legislators, Senators Marian Bergeson and David Roberti and Assembly Members Tom Bates and Sunny Mojonnier. As a result of the blue-ribbon group's work, the Little Hoover Commission issued a far-reaching report calling for a series of measures large and small to improve services to children in need of child care, to abused and neglected children, and to runaway and troubled youth.

#### **SB 722 (Hart), AB 1763 (Wright), AB 2736 (Hansen), AB 3149 (Cortese), and AB 4179 (Moore) - Tax Credits.**

The Commission's report has spawned several pieces of legislation. One set of bills looks at the relationship of the tax code to child care and other dependent care expenses. These bills encourage employers to assist their employees or they make things easier for low-income workers. The bills include SB 722, Hart; AB 1763, Wright; AB 2736, Hansen; AB 3149, Cortese; and, AB 4179, Moore.

Another set of bills that get at issues identified by the Little Hoover Commission are bills that look at land use planning. These bills, by Assembly Members Cortese, Friedman, Roos, and Statham bring child care services front and center into local planned growth.

Other bills that reflect the point of view of the Little Hoover Commission address parental leave, respite care for abused children, and special projects for homeless youth.

## *Social Services and Child Welfare*

### *SB 1160 — Adoption and Parental Rights*

The Senate Select Committee on Children and Youth, chaired by Senator Robert Presley, has traditionally been the place where new approaches to child welfare are debated and crafted into workable legislation. This year is no exception. Senator Presley is carrying a bill to alter court proceedings in such a way as to give social workers more time to find adoptive parents in those situations where permanency planning is in the best interest of a child with special needs.

### **SB 2086 (Presley) — Children's Trust Fund.**

A second bill, SB 2086, will assure state and local service providers that the funds in the Children's Trust Fund, which are used for child abuse prevention activities, will be used to supplement not replace other state child abuse prevention funds. The Children's Trust Fund, established early in this decade, receives funds from two sources: voluntary contributions made by tax payers when they file their state income tax and special fees attached to the purchase of birth certificates.

### **SB 1112 (Presley) — High Risk Youth Education Act.**

A third bill in the arena of social services and child welfare is SB 1112, which will establish the High Risk Youth Education program. This is a community team program modelled on a program in Mendocino County — when youth get in trouble, a group of community people and service professionals (from the schools, from law enforcement, from juvenile hall, and from other youth service agencies, meet with the youth and his or her family to plan the best possible program. Its goal is to keep the youth out of jail and to assist him or her to finish school and find work.

## ***Family Income and Security***

One of the most compelling problems facing this country is the so called "feminization of poverty" — the increasing numbers of women and children in poverty as a result of living in single parent, female-headed families. Children living with their mothers alone are almost five times as likely to be living below the poverty line as children in two parent families. Also, in 1986, 20% of families composed of a single mother and children had incomes less than half of the poverty level.

The rise in divorce and separation is the major cause of the increase in female-headed households and there is a relationship between divorce and the impoverishment of women and children.

Spousal and child support awards have not succeeded in equalizing the economic consequences of divorce. Nationally, only 17 percent of divorced women receive spousal support awards and the average amount of such awards is only \$311 per month.



## ***Senate Task Force on Family Equity***

In response to both growing constituent concern and a growing body of research on the economic impact of divorce, the California State Senate created in 1986 the Senate Task Force on Family Equity; this Task Force developed proposals for legislation relating to family law. The special focus of the Task Force was the effect of divorce on minor children and on the older displaced homemaker.

During 1988, a number of Task Force bills will be considered. These include:

### **SB 1341 (Hart) — Delay of Sale of the Family Home.**

This bill would enhance the ability of parents to maintain a stable home for the children during and for several years after the divorce by requiring the court to consider delaying the sale of the family home. The courts would consider specified child-related criteria and make a determination of whether or not to temporarily delay the sale. This bill is intended to minimize the adverse emotional and economic consequences of divorce on minor children.

### **SB 1296 (Hart) — Spousal Support Standard.**

Changes the primary standard for spousal support awards from "reasonable need" to the "standard of living established during the marriage". Requires the court, when making spousal support awards, to consider the reduced earning capacity of the supported spouse resulting from education, training or employment opportunities which were foregone during the marriage.

### **SB 1614 (Marks)—Spousal Support Wage Assignment.**

Improving compliance with spousal support orders by requiring that such orders include provisions for 'automatic' wage assignments. Such wage assignments would go into effect only upon an arrearage in payments equal to one-month's payments. As the current procedure for obtaining a wage assignment is cumbersome, this bill would expedite collections.

### **SB 1615 (Marks)—Spousal Employment and Retraining.**

Current law provides that a person who has requested spousal support (usually a woman) may be required to submit to an examination by a vocational counselor in order to determine her future earning potential. Too often these evaluations conclude that the spouse requesting support can work and needs little or no spousal support, yet the evaluation has not taken into account important factors which will affect the ability of the woman to find employment which is suitable to her skills, appropriate for her age, and which will provide an income anywhere near her established standard of living.

This bill would specify that the vocational evaluation include as assessment of the ability of the spouse seeking support to find employment commensurate with her or his: 1. education 2. skills 3. age, and 4. the standard of living established during the marriage.

This bill also would strengthen the ability of the spouse seeking support to receive assistance with any necessary retraining expenses, by stating clearly that the court may order such payments (based on the other spouse's ability to pay).

## ***Other Major Family Law Bills Pending***

### **SB 13 (Watson/Morgan) — Child Support Beyond Age 18.**

Under current law and practice, child support terminates at age 18 (age 19 if the child is still in high school). Yet, many young people continue to be dependent on their parents through age 21. The Census Bureau reports that among 18 to 24 year olds, 60 percent of men and 48 percent of women live at home or in college dorms. This percentage has increased since 1970.

The burden of supporting the 18 to 21 year old child who is in school falls on the custodial parent, who is most frequently the mother. As women's earnings average only 69% of men's earnings, this support burden is falling on the parent with the lowest earnings.

SB 13 (Morgan/Watson) would address this problem by authorizing courts to order child support payments for children through age 21 when the child is a full time student. Provides criteria which the judge may consider in making such an award, including the standard of living of the parents, whether or not older siblings were supported in higher education and the child's commitment to the educational program.

### **SB 1019 (Watson) — Retroactive Child Support.**

This bill would allow the court to order retroactive child support for costs incurred by a custodial parent up to 7 years prior to the date of filing of an action for child support, or up to 7 years prior to the date of filing a paternity action. The purpose of this bill is to obtain reimbursement for the custodial parent for expenses incurred in raising the child prior to the time that paternity and/or a child support obligation has been established.

### **SB 2035 (Mello) — Child Support Liens.**

Under existing law, payments owed to individuals by a public agency may be attached in order to meet a child support obligation which is overdue. This bill would establish another child support enforcement technique by providing a procedure through which liens may be applied to funds owed by the State of California to individuals, such as income tax refunds and employee wages. Liens could be applied whenever the child support payments are delinquent over 30 days. The bill would also require all state agencies to cooperate with the Controller to accomplish the establishment of such liens.

### **AB 1766 (Wright) — Unemployment Insurance.**

Current law authorizes the Employment Development Department (EDD) to withhold up to 25% of an individual's Unemployment Insurance check in order to enforce a child support obligation. Expands this authority to apply to all support orders (including spousal support) and to Unemployment Compensation Disability benefit payments. Requires that voluntary disability plan carriers forward child support deductions directly to the appropriate county office.

**AB 2025 (Bates) — Credit Rating/Job Search.**

Requires that when a parent claims to be in default on child support payments due to unemployment, the court may require that parent to provide proof at regular intervals of his/her job search efforts. Also requires the state Department of Social Services to report child support and certain spousal support delinquencies to the appropriate consumer credit reporting agency.

**AB 3240 (Leslie) — Paternity.**

Currently, county district attorneys are required to take legal action on cases where the establishment of paternity is critical to obtaining a child support order. Establishment of paternity is a costly procedure for the county and many counties have backlogs of cases due to lack of funds to prosecute. Provides an additional \$1.7 million to counties to fund legal procedures to establish paternity.

For additional information please contact Sara McCarthy or Jack Hailey, (916) 445-1727, Senate Office of Research.

## **SUBSTANCE ABUSE: A TIME TO EXAMINE PRIORITIES**

Despite evidence of the decline in the use of some drugs among select portions of the population, i.e., the use of cocaine among high school seniors, there continues to be evidence of a staggering increase in the trafficking in cocaine and other illegal drugs.

The following represents a partial summary of the number of persons affected and the cost to society of substance abuse in California.

- Drug abuse costs California \$6 billion each year in:
  - Lost worker productivity
  - Health and medical costs
  - Motor vehicle accidents
  - Violent crimes
  - Social responses
  - Fire losses
- Estimated incidence of active California drug abusers is 991,000, or 3.8 percent of the population.
- Approximately 225,000 Californians habitually shoot drugs and another 200,000 recreationally shoot drugs.
- The California Attorney General's Office recorded 60,000 arrests in 1986 for controlled substance offenses.
- The Attorney General's Office estimates 975 clandestine labs in California.
- Of 38,000 active parolees in California, approximately 30,000 have a history of drug/alcohol abuse.
- The Attorney General's Office estimates that 78 percent of California's youth has tried liquor by the age of 14 and 51 percent have tried illegal drugs by the age of 17.

The federal government spends about \$2.5 billion on programs aimed at reducing the supply of drugs but only about \$.5 billion on reducing the demand for drugs. In 1983 the Los Angeles Police Department seized 358 pounds of cocaine. In 1987 that department seized over 13,000 pounds of cocaine. Yet every indicator of cocaine availability shows that use is up — street prices are down — and the quality has never been purer. As the competition for the drug dollar increases and as distribution systems become more "efficient" the gang violence in our low income neighborhoods increases and spills out to the total society.

While interdiction of drugs at our ports and other law enforcement vigilance in the arrest and prosecution of persons in the drug delivery system is as necessary as ever, it is clear that efforts to reduce demand at the neighborhood and school levels and to provide treatment as an alternative to continued addiction must become a higher priority if substantial progress is to be made in efforts towards a drug free society.

While the following bills represent a continuing legislative commitment to California's role in coming to grips with a national problem of alarming proportions, it is also clear that other elements of the "drug problem" await solution.

**SB 2047 (Nielsen) — Marijuana Eradication Subsidy.**

This bill recognizes that certain rural counties specifically Shasta, Siskiyou, Tehama and Del Norte Counties have experienced less growth in revenues yet carry a disproportionate cost of marijuana eradication. The bill appropriates \$450,000 for eradication efforts and \$700,000 to sheriffs departments in these counties.

The bill also provides \$356,000 to the Office of Criminal Justice Planning for distribution to enhance efforts to prosecute crimes including controlled substances.

**SB 2444 (Davis) — Methadone Program Licensing.**

Tightens the requirements for the licensing of and collection of fees from methadone programs. Specifically, it includes operating above licensed capacity as grounds for license forfeiture.

The bill requires each clinic to have a guarantor to assume responsibility for licensing requirements and allows the state to intervene in order to ensure continuity of treatment in the case of clinic closure.

**SB 2599 (Seymour) — Coordination of Drug Abuse Programs.**

In response to findings that there is no consistent coordination among the 14 different state agencies that provide drug and/or alcohol services, this bill requires that the Advisory Board on Alcohol-Related Programs meet at least twice yearly with the Advisory Board on Drug Programs to insure levels of consistency in Program Administration.

The bill would encourage and authorize County Boards of Supervisors to adopt long-range (5 years) substance abuse programs. It requires that priority be given in allocating state funds to those counties which have established coordinated substance abuse programs.

The bill designates the Department of Alcohol and Drug Programs as the state agency to coordinate this effort and to report progress annually to the Legislature. It also requires the Senate Office of Research to prepare a summary of all substance abuse laws by June 30, 1989.

**AB 2417 (Clute) — Controlled Substance List Expansion.**

Adds 26 specific chemicals to the controlled substance list as items used as precursors to the manufacture of one or more items currently on the controlled substance list.

Presence of an item on the controlled substance list provides that any manufacturer, wholesaler or retailer of such substances must require identification of the purchaser of that substance and report that information to the Department of Justice.

**AB 2502 (Killea) — Controlled Substance Profits.**

Establishes as a new crime the possession of cash or negotiable instruments in excess of \$100,000 that have been obtained as the result of the unlawful sale of an item on the controlled substance list. Penalty for the conviction of such a crime would be imprisonment for 2, 3, or 4 years.

**AB 2780 (Harris-Lockyer) — Urban Crimes Narcotics Task Force.**

Creates a pilot project known as the Targeted Urban Crime Narcotics Task Force to test organizational and operational narcotics law enforcement procedures in Alameda County until January 1990.

The law would require the Office of Criminal Justice Planning to monitor the project and report on its progress. It would also require Alameda County to provide 25% matching funds to earn the state allocation of \$245,000.

For more information, please contact Jerry Hawes, (916) 445-1727, Senate Office of Research.

## PROTECTING AND ENHANCING THE HEALTH OF ALL CALIFORNIANS

An increasing number of Californians without adequate health insurance and increasing strains on the state's health "safety net" for the medically indigent make health insurance and health care financing among the toughest issues facing the Legislature in 1988.

Recent studies show that nearly 22% of Californians under 65 have no public or private health insurance. More than 1.5 million children under the age of 18 and nearly 1 in 5 women of childbearing age have no insurance. The growing shift towards low-paying and part-time jobs in the services and other industries threatens to make this situation worse before it gets better. Providers argue that due to health care cost containment efforts they are no longer able to shift the costs of treating uninsured patients to third parties, threatening a massive shift of these patients onto already overburdened county safety net systems. The legislation focuses on expanding access to health care for the uninsured, particularly those in high-risk and high-need categories such as children, pregnant women, and the elderly.

Because of the growing indigent population and a history of underfunding, the counties are strained to the limit in their role as "provider of last resort." While trial court funding and county stabilization funding have eased the overall fiscal picture for counties somewhat, county hospitals were hurt by the Governor's veto of medically indigent funding in 1985-86 and are still in need of new revenues to shore-up deteriorating capital facilities and maintain acceptable access to those in need. The Senate proposals begin to recognize this need.

Finally, the state's rapidly growing senior and disabled population faces few alternatives to Medi-Cal financing for long-term care, including nursing care. This means that millions of Californians will be forced to spend down their assets in order to qualify for this funding source. Costing an average \$22,000 per year per patient, long-term care forces over half of those couples needing it into impoverishment within six months. The Senate's proposals recognize the need to provide significant alternatives to Medi-Cal and Medi-Cal spend-down requirements for long-term care insurance and financing. The proposals in this section are organized into the following subsections:

- Access to Health Care/Uncompensated Care
- Long-Term Care Insurance
- Medi-Cal and Indigent Medical Care
- Public Health
- Senior Health
- Mental Health
- Health Decisions, Research and Ethics
- Health Professionals
- Health Facilities

## ***Access to Health Care/Uncompensated Care***

### **SB 6 (Robbins) — Catastrophic Insurance Coverage.**

Establishes a state risk pool to provide health insurance coverage to persons who have been turned down for coverage because of a preexisting condition or who cannot afford to purchase coverage. The measure directs the risk pool to issue policies covering all medically necessary health care services, including acute hospital services, professional services for diagnosis and treatment of injuries, treatment of mental disorders, skilled nursing services, and others. The measure establishes a maximum deductible of \$1,000 per year and a maximum out-of-pocket expense of \$3,000 per individual and \$5,000 per family. To be eligible for coverage under the pool, a person would have to establish that he or she has been rejected within six months of applying for coverage by two private insurance carriers. Under the measure the pool would have to begin issuing policies on January 1, 1990. Funding for the program would come from premiums charged to subscribers.

**Related Assembly measures are AB 600 (Isenberg, et.al.) and AB 2900 (Johnston and Isenberg).**

AB 600 would establish a risk pool to provide catastrophic health coverage to persons unable to obtain such coverage because of preexisting medical conditions. The benefits offered by the program would be determined by the program and premium levels would not be allowed to exceed 150% of the standard individual premium for comparable coverage. Funding for the program would come from a combination of premiums and the elimination of the present cap on wages subject to the disability insurance tax.

AB 2900, double-joined to AB 600, would allow health care service plans, nonprofit hospital service plans, and life and disability insurers to use the AIDS blood test for purposes of determining eligibility for coverage.

### **SB 2260 (Keene) — Employee Health Coverage.**

Authorizes a tax credit for costs incurred by an eligible employer to provide health coverage for an eligible employee and the employee's dependents.

The measure is based on findings that 75% of the medically uninsured in California are employees or their dependents.

Under the measure, employers with fewer than 25 employees would be eligible to take a credit of \$50 per month per employee or 50 percent of the total amount paid for health coverage by the employer for the employee. To be eligible for the credit, the employer would further have to pay at least \$75 per month toward health coverage for the employee. Employees for whom the credit may be taken would be limited to those who work at least 17.5 hours per week. To qualify for the credit the health coverage would have to include prescribed hospital, out-patient care, and diagnostic benefits. The measure would sunset January 1, 1995.



### **SB 2579 (Bergeson) — Comprehensive Perinatal Services.**

Integrates existing state programs for health care for pregnant women, including Medi-Cal and various perinatal services programs, into a single program to provide services to all pregnant women. The measure would provide that the new program utilize a sliding scale fee system and would direct the Department of Health Services to take various measures to improve health care provider participation in the new program. The purpose of the measure is to streamline the delivery of perinatal care services, encourage provider participation, and expand access to needed perinatal care services.

**Related Assembly bills are AB 3595 (Margolin), AB 3646 (Margolin), AB 3963 (Friedman), and AB 4651 (Killea).**

AB 3595 (Baby Cal) merges the state's perinatal and pediatric programs into one program for which all pregnant women and children under five years of age would be eligible. Benefits would be available on a sliding scale basis and would include well-child care and inpatient and outpatient treatment.

AB 3646 expands Medi-Cal coverage to women and infants whose family incomes are below 185% of the federal poverty level. In addition, the bill requires the Department of Health Services to increase OB rates and implement a \$1 million perinatal care outreach program.

AB 3963 simplifies and speeds up Medi-Cal applications for pregnant women by adopting a federal option to waive the use of an assets test for these women.

SB 4651 provides a \$250 Medi-Cal rate increase for clinics and prepaid health plans that are comprehensive perinatal service providers and requires the Medical Assistance Commission to take into consideration whether a contracting hospital offers specified obstetrical and perinatal services in negotiating Medi-Cal outpatient rates with the hospital.

### ***Long-Term Care Insurance***

#### **SB 658 (Robbins) — Deductions for Long-Term Care Insurance Policies.**

Allows a personal income tax deduction for the total premium expenses paid or incurred by the person for a qualified long-term care insurance policy. A qualified long-term care insurance policy would include any policy which provides coverage for not less than 12 consecutive months for necessary diagnostic, therapeutic, rehabilitative, maintenance, or personal care services provided in a setting other than an acute care unit or a hospital.

#### **SB 2354 (Mello and C. Green) — Medi-Cal Rates for Long-Term Care.**

Restructures Medi-Cal payments to long-term care providers to bring payments more in line with costs providers incur for nursing, patient support, and other costs associated with providing long-term care. The purpose of the measure is to move Medi-Cal reimbursement for long-term care providers away from the present system, which encourages providers to discriminate on admission or decrease costs to maximize profits, or both.

**SB 2760 (Robbins) — Regulation of Long-Term Care Insurance.**

Gives the Insurance Commissioner authority to regulate long-term care insurance. The measure would give the Commissioner authority to require insurers to disclose terms and conditions of policies, and would set forth prohibitions on cancellation for reasons of the age or deterioration of the mental or physical health of the insured individual. In addition, the measure would impose limits on insurers' ability to exclude persons from coverage because of preexisting conditions and set forth consumer rights regarding disclosure and refundability of premiums.

**SJR 9 (Robbins) — Federal Tax Deduction for Long-Term Care Insurance.**

Requests the President and the Congress of the United States to allow, for federal income tax purposes, an income tax deduction as a miscellaneous itemized deduction for the total premiums paid by a taxpayer for the purchase of long-term care insurance for the taxpayer or on behalf of an elderly relative.

***Medi-Cal and Indigent Medical Care***

**SB 175 (Maddy) — Medi-Cal Benefits for Aliens.**

Makes several changes to Medi-Cal rules for undocumented and legalized aliens to conform to recent federal changes. The bill would extend emergency care to undocumented aliens, extend Medi-Cal benefits generally to legalized aliens to the extent those benefits are authorized by recent federal law changes, express intent that pregnancy-related care be extended to all eligible aliens, and repeal requirements that aliens certify their status under immigration laws as means of removing barriers to the utilization of Medi-Cal emergency services by undocumented aliens.

Additionally, the measure provides for adjustments in Medi-Cal reimbursement rates for hospital inpatient services to take account of the costs of providing trauma services and other emergency care.

A related Assembly bill is AB 2773 (Margolin), which specifies that all aliens are eligible for Medi-Cal emergency services if otherwise eligible for Medi-Cal, without having to certify that they are legal aliens. In addition, the measure eliminates the requirement that the Department of Health Services verify aliens' immigration status.

**SB 1753 (Torres) — Immigration Impact Assistance.**

Appropriates \$5,000,000 from the General Fund to various state agencies for provision of health care and other services to legal aliens and instructs that those costs be offset against anticipated money received by the State pursuant to the federal Immigration Reform and Control Act of 1986.

**SB 1732 (Presley) — Medi-Cal Supplement for County Hospital Capital Expansion.**

Permits hospitals contracting with the Medi-Cal Assistance Commission to provide inpatient hospital services to apply to the Commission for supplemental Medi-Cal reimbursement for construction, renovation, a replacement of hospital facility ties or fixed equipment. The measure appropriates \$21 million for these purposes.

**SB 2549 (Keene) — Small and Rural Hospitals.**

Provides rate adjustments for Medi-Cal outpatient services rendered by small and rural hospitals to remove some of their financial and operating difficulties and ensure adequate services in their regions.

***Public Health***

**SB 2188 (Presley) — Computerized Data System for At-risk Populations.**

Requires the Department of Health Services to establish a computerized data system to identify high-risk infant populations and to provide for a high-risk infant follow-up program to be carried out in conjunction with public health nursing services provided to infants and their families.

**SB 1756 (Torres) — Expanding the WIC Program.**

Appropriates \$176 million to the WIC program so that every mother, baby, and young child eligible for the federal Women, Infants and Children Nutrition Program will actually be able to participate. The WIC program provides vouchers for specific foods essential to pregnant and lactating women and to young children, and it provides nutrition counseling and education to these same mothers who are at risk of giving birth to a premature or poorly nourished baby.

**SB 2474 (Vuich and Morgan) — High Risk Infant Care and Follow-up Project.**

Creates the High Risk Infant Care and Follow-up Project for children who are born addicted to drugs. This program would be organized within the Maternal and Child Health Division of the State Department of Health Services and would establish High Risk Infant Care and Follow-up Centers in four hospitals throughout the State. These new High Risk Infant Care and Follow-up Centers would provide supportive medical and social services to children born addicted to drugs and their families and provide intensive study of the incidence of children born addicted to drugs and the medical, developmental, and home placement consequences of these births.

**SB 2488 (Hart) — Alcoholic Beverage Labelling.**

Enacts the Alcohol-Related Birth Defects Prevention Act of 1988 and would require, prior to any wholesale or retail sale of beer, wine, or distilled spirits that the beverage container shall contain a clear written warning to consumers that drinking alcohol during pregnancy can cause birth defects, miscarriage, and low birth weight.

## ***Senior Health Issues***

### **SB 50 (Mello) — Residential Care Facilities.**

Requires the Department of Social Services to adopt regulations establishing three levels of care under the residential care facility licensing category — basic care and supervision, nonmedical personal care, and health-related assistance. The measure requires that resident's needs be assessed and that they be designated for the appropriate level of care.

### **AB 139 (Mello) — Alzheimer's Disease Task Force.**

Transfers the Alzheimer's Disease Task Force from the California Department of Aging to the Health and Welfare Agency to provide greater coordination with other departments under the Health and Welfare Agency serving Alzheimer patients.

### **SB 170 (Mello) — Long-Term Care Ombudsman.**

Provides an additional \$1 million for local long-term care ombudsman programs. The money would be used to increase staffing in the local programs, which investigate and resolve complaints on behalf of residents at long-term care facilities.

### **SB 1752 (Mello) — Respite Care.**

Provides \$100,000 in state funds to specified nonprofit organizations to train and develop qualified respite care workers, who provide intermittent or substitute relief to primary caregivers from the demands of 24-hour care to frail elderly or disabled persons in the home.

### **SB 1763 (Mello) — Adult Day Health Care.**

Appropriates \$1.5 million in start-up funds for Adult Day Health Care Centers, which provide health, therapeutic, and social services in a community setting. It is estimated that 600-1,000 centers are needed statewide.

### **SB 1783 (Mello) — Senior Centers.**

Appropriates 10% of the funds from the Senior Center Bond Act (approximately \$5 million) for the continuing operation and maintenance of senior centers. Senior centers offer a variety of services, including health and social supportive services, educational and recreational programs, nutrition, preventive health care, and other services.

### **SB 2351 (Mello) — Conservatorships.**

Makes several changes in the law regarding conservatorships, including strengthening requirements that the appropriateness of proposed conservatorships be assessed prior to their adoption by the court.

## ***Mental Health***

### **SB 2506 (McCorquodale and Petris), AB 4519 (Bronzan and Stirling) - Integrated Service Systems for the Mentally Ill.**

Establishes a four-year pilot project for six integrated service systems for the severely mentally ill. The measure would establish a Joint Legislative Oversight Committee on the pilot project and would require the State Department of Mental Health to report to the Committee by October 30, 1992.

The purpose of the bill is to correct defects in the organization and financing of programs for persons committed to state hospitals. Among those documented problems are the scattering of responsibility and accountability for treatment and care among too many independent agencies, the current inflexibility of federal, state and county funds for mental health treatment, lack of adequate standards of treatment and care, and fluctuations in the quality and availability of services from county to county. Ongoing funding for the projects would be required to be part of the Department's annual budget request.

### ***Health Decisions, Research and Ethics***

#### **SB 2528 (Garamendi) — Cancer Prevention Grants.**

Establishes within the Chronic Diseases Branch of the Department of Health Services the Jesse Unruh Community Cancer Prevention Grants Program, to solicit, award, and administer a grant program for projects directed at the early detection and control of cancer.

#### **SB 2586 (Garamendi) — Chronic Disease Management.**

Establishes a Chronic Disease Management Section within the Chronic Disease Branch of the State Department of Health Services to be responsible for developing state policy with regard to chronic disease management, analyzing state and private efforts which address chronic disease management.

#### **SCA 15 (Maddy) — California Health Institute.**

Establishes a nonprofit public benefit corporation to be known as the California Health Institute to stimulate medical research in California. The measure authorizes the Institute to make loans or grants directed towards the discovery of new knowledge in the prevention and curing of disabling and terminal diseases and would direct the Institute to promote cooperation in research in the medical sciences and encourage California students to pursue research careers in the medical sciences.

#### **SB 548 (Watson and Marks) — Advisory Commission on Bioethics.**

Establishes an Advisory Commission on Bioethics, composed of 11 members, to undertake studies of the ethical, legal, social, and economic consequences of the problems presented by medical advances and developments, including any of the following: treatment of the terminally ill, allocation of health care resources, organ transplants, medical experimentation, reproduction alternatives, and prenatal care and treatment.

#### **SB 1808 (Keene) — Health Care Decisions.**

Updates and modifies the Natural Death Act to allow qualified patients, as defined, to issue a directive to their physician requesting the removal of life-sustaining treatment in the event of terminal illness or irreversible coma. The bill removes the current waiting period for when one may issue such a directive, include permanently unconscious as conditions under which a directive may apply, set forth a statutory form directive and bring California's law into closer conformity with uniform laws concerning the rights of the terminally ill.

## ***Health Professionals***

One of the state's major responsibilities is ensuring the efficacy and safety of the state's health care delivery system. This year, as in previous years, the Senate is concentrating its efforts on reforming and in some cases broadening its regulatory purview of health care professionals and facilities as well as ensuring equal opportunities for foreign and minority health care providers.

### **SB 859 (Montoya) — Foreign Medical School Graduates.**

Provides that any hospital which excludes any person from participating in any post-graduate training program solely on the basis of receiving his or her medical education in a medical school located outside the United States or Canada shall not receive any state funding in any form. This bill provides that the fact that a program is not affiliated with or under the direction of an approved medical school shall not be a cause or reason for a hospital to refuse to accept a foreign medical graduate in the program.

### **SB 1267 (Maddy) — Nurses in Underserved Areas.**

Under existing law, the Minority Health Professions Education Foundation is authorized to solicit and receive private or public sector funds and make recommendations concerning the disbursement of those funds to students from underrepresented minority groups accepted to enroll in schools of medicine, dentistry, nursing, or other health professions. This bill creates the California Registered Nurse Education Program within the Minority Health Professions Education Foundation. The bill requires persons participating in this program to be either persons from demographically underrepresented groups or persons who agree to serve in a health manpower shortage area.

### **SB 2792 (Torres) — Disclosure of Qualifications of Persons Administering Anesthesia.**

Requires, in the case of any contemplated surgical procedure in a general acute care hospital for which anesthesia is to be administered, other than a local anesthetic, that disclosure to the patient be made of the name or names, the professional licensure category, and specialty training in anesthesia, as defined, of the person or persons who will render the anesthesia services.

## ***Health Facilities***

### **SB 2157 (McCorquodale) — Coronary Bypass Surgery Programs.**

Requires the Office of Statewide Health Planning and Development to conduct a study of coronary bypass surgery programs of hospitals in California and to make recommendations for decertification to the Licensing and Certification Division of the State Department of Health Services of those programs which do not meet established standards of efficiency and proficiency.

**SB 2468 (Maddy) — Hospice Acute Inpatient Facilities.**

Establishes hospice acute inpatient facilities as a separate licensing category under the Department of Health Services. The bill would define a hospice acute inpatient facility to be a health facility having a duly constituted governing body with overall administrative and professional responsibility and an organized medical staff which performs or provides 24-hour inpatient care, whose goal is pain control and symptom management for the terminally ill, including specified basic services. The bill further specifies that eligibility for a hospice acute inpatient facility license shall be limited to organizations which provide a continuum of hospice home care services for patients delivered by a hospice program which has either been certified for Medicare program participation or accredited by the Joint Commission on the Accreditation of Hospitals (JCAH).

For more information, please contact Peter Hansel, (916) 445-1727, Senate Office of Research.

# AIDS

Acquired Immune Deficiency Syndrome (AIDS) is a new disease, discovered in 1981. Since that time, it has killed almost 6,500 Californians and become this state's number one public health issue. By the end of 1991, an estimated total of 34,000 Californians will have died from AIDS. Another 16,000 will be living with the disease during that year.

In the fall of 1987, the Senate formed the Senate Select Committee on AIDS. This Committee held three months of fact-finding visits and public hearings, and has recently announced a legislative package of bills concerning AIDS.

Prevention education is our most important weapon to slow the spread of this dread disease. Other legislative efforts include increased availability of drug treatment services, special strategies for high risk occupational groups, new service delivery options and greater emphasis on screening.

## **SB 2840 (Hart) — AIDS Education.**

Requires all public junior and senior high schools to provide AIDS prevention instruction to every student.

- Instruction must be age-appropriate, reflect the recommendations made by the Surgeon General, and emphasize that abstinence from sex and drugs are the primary methods of avoiding AIDS.
- Schools must notify parents of this instructions. Parents have an opportunity to preview the materials and can exclude their children from the instruction.
- Includes an appropriation to provide schools with necessary training funds and appropriate instructional materials.

## **SB 1424 (Watson) — AIDS Education Regarding High Risk Activities.**

Provides for AIDS prevention education at existing sites providing services to people at high risk of AIDS: family planning clinics, drug treatment programs, sexually transmitted disease clinics.

## ***Preventing the AIDS-I.V. Drug Abuse Connection***

The "second wave" of the AIDS epidemic in California is occurring among people who use IV drugs illegally, their sexual partners (who may or may not be using drugs), and their babies. In New Jersey and New York the majority of AIDS cases or deaths are connected with intravenous drug abuse. California must take advantage of the East Coast's experience by preventing further spread of intravenous drug-associated HIV infection and planning for the care of adults and babies infected by the virus.



**SB 2843 (Seymour) — More Drug Treatment Available.**

- Legislative intent that any drug user requesting treatment have no-wait entry into an appropriate program (methadone or drug-free).
- Appropriation to increase number of drug treatment slots.

**SB 2845 (Watson) — Special Testing and Counseling Services for Children and Their Families.**

California expects an increased number of AIDS cases in babies and children who received infected blood before blood screening began in March 1985, or who are born to an infected mother. Many parents are worried their children might be infected or at risk, but have no comprehensive, confidential service centers to turn to similar to the Alternative Test Sites set up by the state in 1985 for adults.

- Builds on existing Alternate Test Site model by providing special HIV testing and counseling services for children and their parents.

**SB 2846 (Watson) — Foster Care for Children with AIDS.**

Encourages foster care placement of HIV-infected children who would otherwise be institutionalized. Provides supplemental payments, special training and support services for foster parents who accept HIV-infected infants or children.

***Education and Protection of Occupational Risk Groups***

Although the vast majority of AIDS cases are associated with homosexual intercourse or sharing intravenous drug injection equipment, some people are at risk of HIV infection because their jobs involve exposure to other people's blood. The public and private sectors are moving to provide the appropriate information, training and protective equipment to these workers so that they are not unnecessarily exposed to HIV and other blood-borne infections.

**SB 1545 (Marks) — Education and Equipment for Public Safety Workers.**

Requires employers to provide appropriate training and equipment to firefighters and other public safety workers.

**SB 1913 (Presley) — Corrections Staff and Inmates.**

Requires correctional institutions to provide education for staff and inmates regarding transmission of the AIDS virus.

Provides procedures for law enforcement personnel, correctional personnel, and inmates who have been exposed to body fluids of someone who may be infected with HIV to require a blood test of that person.

Requires that parole or probation officers are notified if a parolee with AIDS is released from prison or custody.

**SB 2853 (Hart) — Infection Control Precautions.**

Includes in state licensing requirements infection control standards for California health facilities, based on Centers for Disease Control guidelines.

Requires the state to consider costs of universal infection control protocols when negotiating Medi-Cal hospital contracts and setting skilled nursing facility reimbursement rates.

***Finance and Delivery of AIDS Treatment and Services***

**SB 1323 (Roberti) — Community-Based AIDS Services.**

Many people with AIDS or ARC must be kept in the hospital longer than necessary because the home or community-based services they need are not available. This makes AIDS care even more costly, and puts even greater stress on the patients and their families and friends.

Develops out-of-hospital AIDS care, including home health nursing and support services, hospice care, residential care facilities, and mental health services.

**SB 6 (Robbins) and AB 600 (Isenberg) — Catastrophic Health Insurance.**

More than twenty percent of the people in California have no health insurance, either because they cannot afford it or because they have histories of heart disease, cancer, infection by the AIDS virus, or other health conditions which make them "medically high risk" for insurers. For several years, California has considered proposals to create a "risk pool" to provide health insurance to "medically high risk" people who would otherwise not obtain health insurance, including people who have been infected by the AIDS virus. The two risk pool proposals before the Legislature this year are very similar except for their funding mechanism.

- SB 6 would be entirely self-funded by individual premiums; AB 600 would be funded by a combination of money from the State Disability Tax and individual premiums.
- Both bills would allow all people who are medically high risk and who can afford the premiums to purchase special health insurance.
- One or both bills may be tied to AB 2900 (Johnston), which removes existing prohibitions on life and health insurers' use of HIV antibody tests.

**SB 2851 (Hart) — Disclosure of HIV Test Results to Health Care Workers and Their Patients.**

The "team approach" to health care is especially important for patients with HIV infection. Health professionals can provide better care if all members of the health provider team know their patient's HIV antibody status.

Amends existing confidentiality provisions to allow HIV test results to be disclosed to health care workers caring for that patient.

## **Testing**

Ever since the Food and Drug Administration released the HIV antibody test in March 1985 for the purpose of screening blood donations, the use of such tests for other purposes has been a highly visible and often controversial component of many AIDS policy proposals. Whatever disagreements there may be on these questions, public health experts agree on several important points:

- No "positive" test result should be released to an individual unless appropriate repeat and confirmatory tests have been performed.
- Test results — both positive and negative — released to the individual who was tested should be accompanied by counseling.
- As the Legislature considers widespread testing among certain groups of people, it must also plan how it will respond to this new information in terms of housing, employment, social services, and medical treatment.

### **SB 1000 (Doolittle) — HIV Test Disclosure.**

Permits HIV test disclosure to public health officials and removes existing requirements for written consent. Requires written refusal of testing to be entered in the medical record.

### **SB 1003 (Doolittle) — Testing of Pregnant Women**

Requires physicians to inform their pregnant patients that blood samples will be tested for HIV antibodies unless the woman specifically refuses testing.

### **SB 1005 (Doolittle) — Testing of Prisoners**

Requires HIV antibody testing in state prisons and certain narcotic detention, treatment and rehabilitation facilities.

Requires the Department of Corrections to submit a plan to the Legislature 60 days prior to implementation of testing regarding the housing of seropositive inmates.

### **SB 1006 (Doolittle) — Testing of Mental Patients**

Requires the physician of certain involuntarily committed mental patients to test for HIV antibodies without the patient's consent.

Requires the State Departments of Health Services and Mental Health to adopt regulations for segregating infected patients.

### **SB 2849 (Watson) — HIV Testing Standards**

Requires Department of Health Services to set standards for all entities offering inpatient, outpatient or home HIV testing. Standards shall cover topics that include confirmatory testing, counseling procedures and approval of testing entities.

For more information contact Kathryn Duke, Consultant to the Select Committee on AIDS. 323-2188

## HOUSING LOW INCOME FAMILIES AND THE HOMELESS: ENOUGH TO GO AROUND?

In every major city in California and in rural areas also, the specter of men, women and children without shelter has become commonplace. Some of the homeless are highly visible. However, a large group of homeless persons are invisible: during the day they look for work, wait in parks, roam downtown streets and university hallways.

Estimates of the number of homeless in California range from 100,000 to 300,000. Those serving the homeless report an ever increasing demand for food and shelters. The federal Department of Housing and Urban Development has designated Los Angeles County as having the largest homeless population in the nation.

The demand for emergency shelter housing greatly exceeds supply. For example, in Los Angeles it is estimated that there are between 25,000 and 35,000 homeless persons and approximately 5,500 shelter beds; i.e., there are beds available for less than 30 percent of those in need.

To address the problems of the homeless and to prevent more Californians from becoming homeless, legislators have introduced legislation in 1987/88 to tackle the following major areas of concern:

- increase the supply of low cost housing, through bonds, tax credits and other financing
- mitigate the impact of conversion of federally assisted low cost rentals to market rate pricing
- assist with lump sum "move in" costs
- increase employment services o enhance special needs services for homeless families

### **SB 1692/SB 1693 (Roberti) — Bond Financing for Housing Programs.**

SB 1692 (Roberti) and SB 1693 (Roberti) provides major financing to address the problem of lack of low income housing. SB 1693 would place on the ballot in 1988 and 1990 general obligation bond measures totaling \$450 million. SB 1692 specifies the allocation of the bond proceeds to various housing programs, including:

- \$300 million for low income rental housing construction
- \$40 million for the acquisition and rehabilitation of residential hotels
- \$35 million for emergency shelters for homeless persons
- \$15 million for a demonstration program in congregate/community housing for families (housing with room for child care facilities, job training, etc.)
- \$10 million for the development of migrant farm labor centers.

- \$50 million for home purchase assistance for first time home buyers and veterans. (This assistance would take the form of interest rate subsidies and deferred payment second mortgage loans for first time home buyers purchasing homes financed by the California Housing Finance Agency or the department of Veterans Affairs).

**SB 753 (L. Greene) — Tax Credits/Bond Financing/Security Deposits/Tax Exemptions.**

The Mortgage Bond and Tax Credit Allocation Committee, among other things, allocates over \$60 million annually in state and federal tax credits to investors in low income rental housing. Extends the previous exemption given this tax credit program from the provisions of the Administrative Procedures Act, which requires that regulations be in place until 12/31/88. Clarifies that this exemption applies to both the federal and state tax credit programs.

Establishes a new method of obtaining security deposits for homeless persons seeking permanent housing. Allows agencies operating emergency shelters with certain state and federal funds to charge a minimal amount of rent. The proceeds would be set aside to be used for security deposits for shelter residents who find permanent rental housing. However, the shelters would not be allowed to deny shelter to persons because of inability to pay the nominal rent.

SB 753 would reenacts the authority of cities and counties to issue revenue bonds for the construction of multi-family rental units. This authority, which terminated January 1, 1987, would be reauthorized until January 1, 1993. Furthermore, existing law provides for a "welfare exemption", the exemption from property taxes of property used exclusively for certain charitable purposes, such as hospitals. This bill extends the welfare exemption to homeless shelters and related facilities.

**SB 1268 (Petris and Roberti) — Housing and Economic Development.**

SB 1268 provides financing for housing development and establishes a \$100 million Housing and Economic Development Subvention program within the state Department of Housing and Community Development. This program would allocate monies to cities and counties for low income housing, including the following uses:

- rental housing construction
- low income housing rehabilitation
- emergency shelters for the homeless

No more than 2/ of the funds would be used for administrative purposes.

**AB 2032 (W. Brown) — Housing Rehabilitation.**

Enacts the California Earthquake Safety and Housing Rehabilitation Bond Act of 1988, which authorizes the placement on the statewide ballot of \$150 million in General Obligation bonds. If approved by the voters, \$80 million of the bond proceeds will be available for deferred interest loans for reinforcing multi-family residential structures to withstand earthquakes. The remaining \$70 million will be available for low income housing rehabilitation.

**AB 3572 (Costa) — Security Assistance Program.**

Appropriates \$2 million to establish within the Department of Consumer Affairs a program under which the department would provide letters of credit or other assurances to local governments or nonprofit agencies who are required to post a bond in order to meet conditions of local zoning regulations. Such assurances would be provided to local governments or nonprofit agencies which are developing low or moderate income housing projects.

**AB 4094 (Hauser) — Farmworker Housing.**

Authorizes tax credits, under both personal income tax and corporation tax laws, for those donating land for the development of housing for farmworkers. Specifically, the tax credit would be equal to 50% of the appraised value of the land and other costs. The recipient of the donation of land is required to rehabilitate or construct farmworker housing within 2 years from the date of transfer of the land.

***Loss Of Federally Subsidized Units***

In addition to increasing the supply of low income housing units, efforts must be made to maintain the affordability of units currently available.

In recent months, a large number of low income housing units may be "lost" to low income households due to the termination of federal subsidy contracts or use restrictions. These contracts and use restrictions currently require that rent be kept affordable or help tenants make rental payments.

The termination of subsidies in effect for a large number of low income rental units could pose serious problems for California's low income renter households. If a number of these units were to experience a significant rent increase, the supply of rental units affordable to low income renters would be seriously depleted.

A Senate Office of Research report published in December 1987 found that approximately 117,000 rental housing units in California could be subject to the termination of a rental assistance or mortgage assistance subsidy (or both) by prepayment, opt out or expiration during the next 20 years (1988 to 2008). Approximately 41% (or 48,000) of these units are currently occupied by elderly tenants.

The bulk of the potential terminations could occur between 1990 and 1994; approximately 49% of all the affected units will be eligible for termination during this five year interval alone. However, approximately 19% (22,000 units) could be subject to termination of subsidy in the next two years (by the end of 1989). Over all, greater than two thirds (68%) of the units identified could be affected in the next six years (by the end of 1994).

**SB 2007 (Petris) — HUD Housing Inventory.**

Requires the Department of Housing and Community Development to prepare and update every 6 months an inventory of multi-family housing units which currently receive subsidies for federal, state or local agencies and which may become available for other uses in the near future (through expiring HUD subsidies, etc.). The initial inventory would

have to be completed by January 1, 1989 and the department would have to publish the inventory every 6 months until 1999. The inventory would be available for the use of local governments and private profit and nonprofit groups who are planning for low income housing.

**SB 2117 (L. Greene) — Local Government Revenue Bonds.**

One method of increasing the supply of funds for low income housing construction has been the local mortgage revenue bond. Current law authorizes cities, counties, redevelopment agencies and housing agencies to issue revenue bonds to finance privately developed housing. However, portions of this authority will soon sunset. SB 2117 reauthorizes local governments and governmental agencies to issue tax exempt revenue bonds to non-profit developers of low income housing. The bonds would be exempt from both state and local taxes, except estate taxes. The amount of the bonds would be restricted by the limits imposed by the statewide limit on bonded indebtedness for multi-family and single family housing bonds administered by the Mortgage Bond and Tax Credit Allocation Committee.

**SB 2405 (Kopp) — Housing Tax Credits.**

Under current law, certain state and federal personal income tax credits are allocated to investors in low income housing. SB 2405 allows investors in more housing projects to be eligible for the tax credits. For example, to be eligible for the credit, a property must now have been "placed in service" or accepting tenants within a specified ten-year period prior to the application for the credit. This bill allows the credit to be used even if the 10 year requirement is not met if certain conditions are met such as benefits to local governments or allowing the project to be retained for low income use. This bill also makes other changes to the tax credit to allow additional low income housing projects to qualify for the tax credit.

***Jobs for the Homeless***

Research has shown that unemployment is a basic cause of homelessness. Surveys of shelter residents in Los Angeles and San Francisco have found that 50% are currently unemployed and looking for work; another 20% are employed, but able to find only part time work. In these two cities, 90% of homeless shelter residents reported that no income and/or no job were the primary causes of their homelessness.

**SB 752 (L.Greene) — Employment Assistance for the Homeless.**

Under current law, the Employment Development Department (EDD) administers all job training and placement services (with the exception of the welfare employment program, GAIN). This bill requires EDD branch offices to develop programs, in cooperation with other local agencies, to provide jobs to persons residing in local homeless shelters. This bill is based on a successful model program through which a local EDD office provided daily job listings to a homeless shelter via computer and also helped to coordinate transportation from the shelter to employers.

## ***Children Adrift***

A disturbing trend is the number of young children who are homeless. One study conducted at Traveler's Aid shelters in eight major cities (including San Francisco and Los Angeles) estimated that at least 400,000 children in the United States are homeless, either travelling with a homeless parent or on their own. As the director of the national Child Welfare League has stated, "Homelessness is a children's problem and we need to look at it that way." The Travelers Aid study reported that homeless families interviewed had an average of two children. The average age of a homeless child was six years old.

Incredibly, children growing up in emergency shelters have become so numerous that there have actually been two studies conducted on their mental health. These studies found that homelessness caused severe, chronic depression and extremely low self esteem in children. Even children under 10 years of age reported suicidal thoughts. As one child interviewed in a Sacramento emergency shelter reported on a televised newscast: "I feel like junk."

### **SB 508 (Presley) — Homeless Youth Act.**

In 1985, the Homeless Youth Act established pilot projects in San Francisco and Los Angeles through which emergency shelter and counseling services have been provided to homeless teenagers. Appropriates approximately \$1 million to extend the life of the pilot programs through fiscal year 1988-89 and also funds the programs on a continuing basis after that year. This is an urgency bill.

### **SB 1505 (Marks) — Homeless Families.**

SB 1505 enacts the Homeless Children's Act of 1988 to provide rental assistance to specified homeless families with children. Expands an existing program, the Special User Rehabilitation Program, to enhance the acquisition of low income housing for elderly and handicapped persons. The Special User program provides low interest, deferred payment loans for the acquisition or rehabilitation of housing for these target populations. Gives priority for state funds to homeless shelters providing social services to homeless families with children.

### **AB 4117 (Hayden) — Homeless Shelters.**

Current law requires that, as the agency of last resort, counties must provide food and shelter to indigent persons. This bill requires that during the 3 coldest months of the year, counties must at a minimum provide to homeless persons a homeless shelter or other overnight sleeping facility, as well as facilities for showering and serving food.

For additional information please contact Sara McCarthy, (916) 445-1727, Senate Office of Research.



## **SECTION IV: EDUCATING OUR WORKFORCE**

### **REBUILDING CALIFORNIA'S SCHOOLS: A SCHOOL REFORM AND FINANCING AGENDA**

California's schools are at the center of attention again in 1988 placing major school reform and financing legislation on top of the Legislature's agenda.

According to a recently released report by Policy Analysis for California Education (PACE), there are two major factors which limit California's ability to achieve excellence in education — enrollment growth and revenue constraints. California's school population is projected to increase on average by 142,000 students per year over the next ten years. However, school districts are severely limited in their ability to respond to these new enrollments or other changing needs of the school age population due to state and local fiscal constraints established by Proposition 13 (1978) and Proposition 4 (1979), better known as the Gann limit.

On the tenth anniversary of the passage of Proposition 13, California is ranked 47th among the 50 states and the District of Columbia in education expenditures measured against personal income. Public concern about the condition of California's public schools is growing as communities throughout the state continue to react to increasing class sizes, inadequate school facilities, teacher shortages, shrinking curriculums and the loss of special programs and education staff felt to be so important for ensuring capable schools and students.

In June 1988, the California voters will be considering changes to the Gann limit, which if approved could provide important new funds for California's public schools. In addition, the Legislature is considering a number of bills in 1988 which provide for ongoing school reforms and improved financing for schools. Particular priorities include:

- school construction,
- school reform and financing,
- teacher credentialing,
- special categorical programs,
- AIDS prevention and education.

#### ***School Construction***

Two major school facilities bond measures recently passed the Legislature — AB 48 (O'Connell) and SB 22 (Bergeson). If approved by the voters, these two bond measures will generate \$1.6 billion in new funds for public K-12 school facilities. The Governor has pledged support for these measures as a part of a \$5.3 billion bond package for public works projects recently passed by the Legislature. More specifically, the two school construction measures provide the following:

**AB 48 (O'Connell, Johnston, Leonard and Speier) — School Facilities Bond Act.**

Enacts the **School Facilities Bond Act of 1988** which upon approval of the voters in **June 1988** would provide for the issuance of \$800 million in state obligation bonds to provide aid to school districts in accordance with the Leroy F. Greene State School Building Lease-Purchase Act of 1976. Of the \$800 million authorized under the School Facilities Bond Act of 1988, not more than \$120 million is reserved for reconstruction and modernization. In addition, not more than \$40 million is reserved for purchase and installation of air conditioning equipment and insulation materials and not more than \$50 million is reserved for the acquisition of portable classrooms.

**SB 22 (Bergeson) — School Facilities Bond Act.**

Enacts the **1988 School Facilities Bond Act**, which if approved by the voters in **November 1988** would authorize \$800 million in state obligation bonds for elementary and secondary school facility construction in accordance with the Leroy F. Greene State School Building Lease-Purchase Act of 1986. Of this amount, not more than \$100 million is reserved for reconstruction and modernization. Additionally, no more than \$100 million can be used for the identification, assessment and abatement of hazardous asbestos in school facilities and no more than \$20 million can be used for the purchase and installation of air conditioning equipment and insulation materials.

***School Reform and Financing***

**SB 1677 (Presley) — Education Reform and Financing.**

Provides numerous education reforms for California's public schools. As sponsored by the Superintendent of Public Instruction, this measure is intended to build on other reforms initiated by the Hughes-Hart School Reform Act of 1983 and to initiate new school reforms directed toward the continued improvement of California's public schools.

Key components of SB 1677 include:

- improving the training, support and credentialing of new teachers and administrators;
- recruiting high caliber individuals into the teaching profession to meet the need for 85,000 new teachers by the early 1990s';
- increasing instructional time through summer school expansion;
- providing new instructional materials;
- assisting teachers in stressing ethics and civic values throughout the curriculum;
- bolstering accountability to parents and the public through improved testing and reporting systems.

This measure is currently being amended to provide approximately \$300 million in first year funding (1989-90) to enact the school reform and financing provisions of the bill.

**SB 1843 (Hart) — Class Size Reduction.**

Establishes a Pilot Program to Reduce Class Size in High Schools commencing July 1989. As such, the bill would appropriate \$2 million to the Superintendent of Public Instruction to allocate to school districts that participate in the pilot program in 1989-90. Participating schools would be awarded a maximum grant of \$50,000 per grade level which for a four year high school would result in a maximum grant of \$200,000. The grants would only be used for teacher salaries and benefits for classes in any or all of the following subject areas—English, mathematics, science and social science.

As specified, the goals of the class size reductions established through the pilot program include: increasing individual pupil instructional time provided by teachers; increasing the development and use of writing assignments as a result of a more manageable teacher workload; enhancing learning skills, including but not necessarily limited to, critical thinking, analysis, problem solving, and application of course content; and a reduction of the number of high school dropouts.

The State Department of Education would be required to submit an annual evaluation of the pilot program to the Legislature beginning in 1990. A final report with recommendations for program modification, expansion, or termination would be required by December 1993.

### ***Teacher Credentialing***

#### **SB 148 (Bergeson) — Teacher Credentialing.**

Repeals numerous provisions of the Teacher Preparation and Licensing Law of 1970 (known as the Ryan Act) and establishes a new system of teacher credentialing. More specifically, the bill establishes a two-stage teacher credential process and assessment system for credential candidates. As such, the bill provides for (1) the preliminary credential, upon completion of one year of postbaccalaureate education in an accredited program, to include classroom teaching experience and passage of the appropriate state subject matter text, and (2) the clear credential, upon completion of a teaching residency and on-site assessments of teaching performance.

Essentially these changes require credential candidates to obtain a bachelor's degree prior to entering a teacher preparation program and add a one year residency to teaching credentialing requirements. In addition, the bill eliminates program approval by the California Teaching Profession and instead relies upon candidate testing and program accreditation.

According to other major provisions, the bill establishes a teaching residency for credential candidates to consist of one year paid, supervised teaching; abolish the California Basic Education Skills Test (CBEST) upon implementation of subject matter tests; and establish alternative methods for entry into the teaching profession. In addition, the bill establishes standards for credentialing pupil service personnel, including administrators, counselors, nurses, psychologists and librarians, and for teaching specialties.

The provisions of this bill incorporate major recommendations developed by the California Commission on the Teaching Profession, known as the Commons Commission, as they relate to teacher standards, ethics and credentialing.

### ***Special Categorical Programs***

#### **AB 1783 (Hughes) — Categorical Program Restorations and Extensions.**

Reinstates several categorical education programs including English Language Proficiency Program (formerly Bilingual Education), School Improvement, Miller-Unruh Reading, Economic Impact Aid, and Native American Education. The Legislature passed AB 37 in 1987 which would have extended authorization for these programs whose statutes expired in July 1987. The Governor vetoed this bill which served to sunset the statutory authorization and regulations for these important programs. Funding for these programs will depend upon annual appropriations through the Governor's Budget. In addition, AB 1783 includes language to extend the statutory authorization of two programs which are scheduled to sunset in July 1988—Special Education and Gifted and Talented Education (GATE).

**SB 1988 (McCorquodale) — School Programs for Pregnant and Parenting Adolescents.**

Blends the existing Pregnant Minor (PM) and School Age Parent and Infant Development (SAPID) programs now administered by the State Department of Education, and re-establishes these programs and other new services under a new single, comprehensive and continuous school program for pregnant and parenting adolescents. This new program will include child care, transportation, parenting education and child development, health services education, psychological and social counseling, family planning services, and outreach to students who are at risk of dropping out of school. This new program would continue existing funds to guarantee services to students currently served under existing PM and SAPID programs and would provide additional funds for expansion which would be available to existing, as well as new programs.

This bill also requires the State Department of Education to monitor and evaluate pregnancy and parenting school programs and to report their findings to the legislature annually. In addition, the Department would be required to provide technical assistance to school pregnancy and parenting programs and to coordinate these programs with the Adolescent Family Life Programs administered by the State Department of Education.

***AIDS Education and Prevention***

**SB 2840 (Hart) — AIDS Prevention Instruction.**

Requires all public junior and senior high schools to provide AIDS prevention instruction to every student. Instruction must be age-appropriate, reflect the recommendations made by the Surgeon General, and emphasize that abstinence from sex and drugs are the primary methods of avoiding AIDS. Schools would be required to notify parents of this instruction and parents would be provided an opportunity to preview the materials and exclude their children from the instruction.

The bill includes funds for training and instructional materials, as well as funds to provide adequate notification and preview opportunities for parents.

**SB 2841 (Torres) — School Children and Teachers with AIDS.**

There have been several highly publicized, highly emotional cases of children or teachers with AIDS wishing to remain in the classroom. These cases have persuaded some school districts to bring together the key groups and put some thoughtful, workable local guidelines in place before an individual case presents itself in that district.

This measure requires all school districts to develop local policies regarding HIV-infected pupils or district employees. Such policies would be based on current medical information and on recommendations of the U.S. Centers for Disease Control.

Parents, district personnel and health care professionals would be involved in developing these policies.

For more information, please contact Kim Connor, (916) 445-1727, Senate Office of Research.

## COMMUNITY COLLEGES

In 1986 the Commission of the Review of the Master Plan for Higher Education issued a major assessment of California's Community Colleges. The report contained 68 recommendations for reforming the community college system. The Joint Committee on the Master Plan for Higher Education then began developing its response to the Commission's report. In January of 1987, the Joint Committee issued its report with 92 recommendations for change.

The Legislature is addressing the reform issues through AB 1725 (Vasconcellos), which has been called "the most important bill to community colleges of the past quarter of a century." The bill makes major changes in the areas of:

- Mission and Function
- Governance
- Staffing
- Access and Success
- Finance

While AB 1725 is the major piece of community college legislation, there are a number of other important measures that have been introduced in the Senate. Financing of community college facilities, staff salaries, entrance fees, and community colleges' role in immigration reform are among the issues which the Senate is addressing.

The following provides a brief summary of selected legislation which could impact community colleges.

### **SB 353 (Torres) — "50% Rule" Modification.**

Currently, the "50% rule" requires community colleges to expend 50% of current expense of education on salaries of classroom instructors. Districts may receive waivers to this rule by applying to the Community College Board of Governors. However, if a district does not receive a waiver, the Board of Governors can "hold" district apportionments through the county treasurer's office.

SB 353 repeals the authority of the Board of Governors to waive the "50% Rule." Instead, the Board would require districts to repay or reimburse their classroom salary account if the district violates the "50% Rule."

### **SB 703 (Hart) — \$600 Million Higher Education Bond Act.**

Provides \$600 million in bond revenues to be used for the construction of facilities for California's Community Colleges, the California State Universities, and the University of California.

Traditionally, higher education facilities have been funded by tideland oil revenues and revenue bonds. However, in reaction to a drop in tideland oil revenues, in 1986 the Legislature enacted SB 2366 (Hart), which created a \$400 million general obligation bond for the construction of higher education facilities.

It is estimated that total higher education facility needs will exceed \$1.4 billion between fiscal years 1987-88 and 1989-90. SB 703, plus revenues from the 1986 bond measure, would close that gap significantly (by \$1 billion).

Community college needs are estimated to be \$259 million for the three-year time period. This measure would appropriate bond revenues to capital outlay projects which have been approved in the annual budget act. In addition, for community colleges, this measure would allow revenues to be used for the acquisition of instructional materials.

**SB 1733 (Robbins) — Waives Fees for Senior Citizens.**

Authorizes local community college district boards to waive the \$50 entrance fee for persons 60 years of age or older.

The purpose of this measure is to allow California's elderly, regardless of financial status, to attend community college courses.

**SB 1753 (Torres, Ayala, Boatwright, Dills, and Presley)— Appropriation for Immigration Services.**

Appropriates \$50 million of General Fund revenues to a variety of agencies for programs related to the Immigration Reform and Control Act of 1986 (IRCA).

The purpose of this measure is to provide temporary financing of state social service, health, and educational programs which are necessary to serve the influx of eligible aliens in California. It is anticipated that California will receive over \$50 million from the federal government for the implementation of IRCA. However, due to a delay in the rules regarding the administration and disbursement of federal funds, the state has not received any money. This bill would allow state immigration programs to get underway without federal funding. The General Fund would be repaid with forthcoming federal monies.

This measure is of particular importance to community colleges, who are responsible for providing remedial education and vocational training services to eligible aliens.

**SB 2426 (Torres) — Community College Transfers.**

Establishes a number of requirements related to community college transfer students and both the University of California and California State University.

Specifically, the measure would make the following changes to the current higher education transfer system:

- Requires the California State University and the University of California to maintain, system-wide, lower division enrollment at 40% of total enrollment;
- Requires each community college district to designate an office which would coordinate, organize, and provide services for transfer students;
- Requires the Chancellor of the Community Colleges to develop a plan for annually reporting information relating to transfer students;
- Authorizes the Board of Governors to guarantee that all community college students have access to courses that meet the requirements of public universities.

The purpose of this measure is to assure eligible community college students enrollment into upper division U.C. or state university courses. This is a reaffirmation of the long-held belief that California should provide higher education opportunities for all students who are willing and able to benefit from attending college.

**SB 2487 (Torres) — Community College Core Curriculum Transfer.**

Requires the governing entities of California's higher education system to jointly develop, maintain, and disseminate a common core curriculum in general education courses and lower division major preparation courses for the purposes of transfer.

Because the individual community college districts have the ability to establish their own curriculum, it has been charged that many colleges do not provide students with courses which are transferable to a four-year institution. The purpose of this measure is to ease the student's ability to transfer from a community college to one of California's public four-year universities.

**SB 2555 (Hart) — Guaranteed Student Loans.**

Requires the local community college Trustees to adopt regulations which would provide for the withholding of services from students or former students who are in default on Guaranteed Student Loans or Supplemental Loans for Students.

The purpose of this measure is to provide punitive measures against students who are in default on loans. If a student is unable to receive a transcript, use the school facilities or register for courses, they may attempt to pay off old, defaulted loans.

For more information, please contact Ann DuBay, (916) 445-1727, Senate Office of Research.

## CALIFORNIA'S STATE UNIVERSITIES: DIRECTIONS & PURPOSES

The July, 1987 report by the Commission for the Review of the Master Plan for Higher Education, **The Master Plan Renewed**, has revived discussions about the future direction and purpose of higher education in California.

Key issues affecting the future of California's higher education include admissions policies, relationships among community colleges, state universities and the University of California, the role of science and technology, and public finance.

Legislative initiatives in higher education focus on affirmative action, equity in admission policies, and access to educational resources.

### **SB 2532 (Petris) — Affirmative Action Advisory Boards.**

Requires the Trustees of the California State University to ensure that each campus establish an affirmative action advisory board to evaluate progress in meeting affirmative action goals. The advisory boards, comprised of faculty and community members, would meet annually to evaluate campus goals.

The goal of the legislation is to ensure continuous evaluation of the California State University progress in recruiting and promoting women, ethnic minorities, and the handicapped into faculty and staff positions at each of its campuses.

### **SB 2556 (Watson) — Loans for Women & Minorities.**

Current law provides the Assumption Program of Loans for Education for applicants who agree to obtain a teaching credential in designated subject areas or who agree to obtain a teaching credential in any subject area and to provide classroom instruction in schools that serve large populations of students from low-income families. Existing law requires the Student Aid Commission to assume up to 500 student loans each school year, subject to funding by the Budget Act.

This bill increases the loans to be awarded annually and express the legislative intent that the Student Aid Commission promote student loans for ethnic minorities and women.

### **SB 749 (Bergeson) — Teaching Career Exploration Program.**

Establishes the California Teaching Career Exploration Program to provide financial aide and teaching experience to undergraduate students. The bill is designed to increase the number of work-study students who choose to work in K-12 school districts.

### **SB 1749 (Craven) — Student Financial Aid.**

The state currently operates the Student Opportunity and Access Program, a program designed to increase the accessibility of postsecondary educational opportunities to low-income and ethnic minority students.

This bill repeals the January 1, 1989 sunset for this program and extends the program indefinitely. The measure also requires the Student Aid Commission to complete comprehensive evaluations of the program.



**AB 1968 (Hayden) — Community Service Programs**

Creates the Robert F. Kennedy — Martin Luther King, Jr. Memorial Service Scholarship Program and repeals the California Community Service Fellowship Program. Provides that any undergraduate or graduate student enrolled at least one-half time at a public or private college or university and currently eligible to participate in state or federally funded aid programs or who is in good academic standing be eligible to become a Kennedy-King Scholar.

The legislation establishes a community service-oriented scholarship program to address serious social and economic community problems, including: illiteracy, school drop-out, teacher shortages, hunger, homelessness, crime prevention, and environmental quality. The program is to be locally administered and coordinated between campus community service, financial aid, and career placement offices.

**AB 4071 (Vasconcellos) — Differential Treatment.**

Requires the California Postsecondary Education Commission to develop and present possible options for identifying and addressing differential treatment at the University of California. Differential treatment is defined as "subtle, often unintentional policies, practices, and behaviors that serve to affirm and reinforce traditional racial or gender, or both racial and gender, stereotypes."

The California Postsecondary Education Commission would be required to issue a report to the Governor and the Legislature on or before January 1, 1990.

For more information, please contact Bruce Jennings, (916) 445-1727, Senate Office of Research.

## **SECTION V: IMPROVING GOVERNMENT SERVICES**

### **ELECTIONS & CAMPAIGN REFORM**

Legislative priorities in the elections area focus on measures to eliminate "revolving door" practice where employees leave public service to lobby their former colleagues, increase fines for violation of campaign reporting laws, and revise voter registration procedures to encourage participation. In addition to these legislative measures, there are two initiative campaign reform measures on the June ballot (Propositions 68 and 71) that will dramatically affect our electoral system.

**SB 111 (Lockyer) — Campaign Reform.**

Comprehensive campaign reform legislation which includes limits on campaign spending, contributions and public financing of legislative campaigns.

**SB 1198 (Marks) — Campaign Advertisements.**

Requires campaign advertisements concerning statewide initiatives to include a statement of the primary funding source.

**SB 1711 (L. Greene) — Lobbying.**

Exempts representatives of religious, charitable, scientific, literary, educational and similar nonprofit organizations from the lobbying provisions of the Political Reform Act when they provide educational information unique to an organization's resources at the request of a legislator or government agency.

**SB 1820 (Marks) — "Revolving Door".**

"Revolving Door Bill" which would prohibit former state administrative officials from lobbying for twelve months their former agencies on matters under the responsibilities of the ex-official and agency. Also prevents former legislators and legislative staff from lobbying the legislature for twelve months after leaving the legislature.

**SB 2529 (Alquist) — FPPC Fines.**

Increases the administrative fines which can be levied by the Fair Political Practices Commission for violations of the Political Reform Act.

**SB 2548 (Seymour) — Spousal Income and Property.**

Eliminates the distinction under the Political Reform Act between community and separate property income provided to an official's spouse.

**SB 2703 (Marks) — Voter Registration Purge.**

Reforms system of purging voter registration rolls of "deadwood" by establishing a positive purge whereby voters who fail to vote in four consecutive statewide elections would be purged; by allowing counties the option of using U.S. Postal Service change-of-address information during pre-primary residency confirmation procedures. Creates voter outreach programs by requiring voter information material to be included in state income tax information pamphlets, initial utility billings for new hookups, state warrants and checks issued to individuals during March and August of election years, and to individuals who have filed change of address notices with the Department of Motor Vehicles.

**AB 1203 (Chacon) — Voter Registration.**

Requires the Secretary of State to work with grocers in a voluntary program of placing voter registration and turnout messages on grocery bags.

**AB 1204 (Chacon) — Same Day Registration.**

Allows eligible citizens, upon showing required identification, to register to vote and vote on election day.

**AB 2191 (Chacon) — School District Elections.**

Requires school districts with average daily attendance of 1000 or more to elect trustees by trustee area rather than at-large.

**AB 2815 (Johnson & Katz) — Presidential Primaries.**

Changes the date of the presidential primary from June to March and the date of the state primary from June to September.

For more information, please contact Tim Hodson, (916) 445-2601, Senate Elections Committee.

## ENERGY AND UTILITIES

California's public utilities are in the midst of major changes. Sweeping decisions at the federal level combined with technological change have led to widespread reduction of regulation in electricity, natural gas, telecommunications and trucking. This move towards deregulation at the federal level has, in turn, promoted additional deregulation moves at the state level.

The reduction of regulation has prompted concerns regarding the equitable treatment of ratepayers and utility competitors. Many of the new legislative efforts are directed at these issues.

### **SB 283 (Rosenthal) — Energy Conservation.**

The Petroleum Violation Escrow Account (PVEA) contains money that oil companies have had to pay from earlier violations of federal price control laws. This legislation appropriates the money for a variety of energy conservation programs. A major element of the legislation is the assistance of low-income citizens with their energy bills. Many low-income people pay proportionately much greater energy bills because of the relatively poor condition of most low-income housing. The federal government has several programs that assist those with lower incomes, but the funding for these programs is being reduced.

The bill also makes available funds to help weatherize low-income housing and to provide housing for migrant farm workers. California's colleges and universities are also slated to receive funds for modifications to energy systems.

All bills that appropriate PVEA funds are inactive pending negotiations on the final disposition and allocation of the funds.

### **SB 680 (Rosenthal) — Telephone Deregulation.**

The Public Utilities Commission is in the midst of a major investigation into telephone deregulation. The Commission is considering plans that would increase the flexibility of rates for certain competitive services, allow greater competition in toll calls and change the regulation of noncompetitive services. In light of all the changes that have occurred in the area of telecommunications regulation, there is a concern that the PUC is moving too quickly towards further deregulation. This bill prevents adoption of any changes coming from the PUC's investigation until January 1, 1990.

### **SB 679 (Rosenthal) — 976 Blocking and Dial-a-Porn.**

### **AB 3539 (Baker), AB 3644 (Peace), AB 3833 (Moore) — 976 Blocking.**

Loud protests have been registered over the ease by which tremendously expensive phone bills result from calls to 976 prefixes. Typically, the large bills were run up by minors ignorant that many of the 976 calls are toll calls. A related concern is the easy access of minors to sexually explicit messages, so-called dial-a-porn.

In response to these concerns, the Public Utilities Commission ordered Pacific Telephone to institute central office blocking of 976 prefix calls, with a specified charge. SB 679 eliminates the charge and requires sexually explicit messages be segregated to another prefix, thus central office blocking could block dial-a porn only, not other 976 calls. The costs of blocking would be borne by those who provide the 976 services.

The three Assembly Bills 3539, 3644 and 4075 mandate the information providers, pay for the blockings, as opposed to ratepayers. AB 3833 requires, in addition, a refund to those who had already paid for blocking.

**SB 987 (Dills/Alquist), AB 4268 (Moore) — Utility Baseline for Billing.**

Under current law, utility customers receive their first increment of electricity or natural gas at a lower price than additional increments. This can lead to rate shock when customers begin purchasing the second increment of natural gas or electricity. This bill gives the Public Utilities Commission the authority to set higher rates while still providing flexibility so that those with particular needs would get special rates.

**SB 1762 (Rosenthal) — Inside Telephone Wiring.**

Recently, the Federal Communications Commission deregulated the installation and maintenance of inside telephone wiring. As a result, responsibility has shifted away from the telephone company to the homeowner or tenant. Because inside telephone wiring has the character of a capital improvement, the FCC decision has saddled tenants with the inequitable burden of maintaining the property of the landlord.

This legislation requires telephone companies to develop programs for multiunit residential buildings that would encourage the landlord to assume the responsibility for maintenance and installation of inside telephone wiring. Telephone companies would also be required to mail information on these programs to residential telephone subscribers.

**SB 2144 (Rosenthal) — Intervenor Fees for Energy Commission.**

The California Energy Commission has an important role in planning the energy future of California and the Commission's decisions have a major impact on the rates of all utility customers. Currently, ratepayers do not have a direct role in Commission proceedings. SB 2144 allows the Commission to award intervenor's fees to groups that represent ratepayers before the Commission. Awards would be made only after a showing that the intervenor suffered a financial hardship to participate and the intervenor made a substantial contribution to the decision. This legislation is analogous to the statutes for intervenor fees that the Public Utilities Commission administers.

**SB 2222 (Morgan) — Trucking Deregulation.**

Reduces some of the regulatory jurisdiction that the Public Utilities Commission exercises over portions of the trucking industry. The PUC would still be able to disallow tariffs, but only after a complaint and hearing. The bill affects highway common carriers and cement carriers.

**SB 2297 (Rosenthal) — Clean-Burning Fuels.**

Requires the South Coast Air Quality Management District (SCAQMD) to adopt a program to promote the use of clean-burning fuels. Funding of the program would come from increased fees for SCAQMD permits. The bill also allows a \$1 surcharge on the registration of motor vehicles within the District boundaries. In addition, the bill requires the California Energy Commission to make an assessment of the prices and availability of clean-burning fuels.

**SB 2299 (Rosenthal) — Sales of Utility Property.**

Requires the Public Utilities Commission to review sales of property owned by public utilities. If the value of the sold property exceeded the depreciated value that is traditionally used in setting rates, the resulting excess would be used to reduce rates.

**SB 2318 (Rosenthal) — Interstate Natural Gas Pipelines.**

There are several plans to construct an interstate natural gas pipeline into California. The pipeline would be licensed by the Federal Energy Regulatory Commission and threatens to bypass state regulation. Construction of such an interstate pipeline could lead to a situation where the most profitable customers are served by the interstate line, leaving traditional markets for existing utilities. As some customers left utility service, this could lead to higher rates for residential ratepayers. The legislation confirms that users of gas from the interstate natural gas pipelines are subject to PUC regulation.

**SB 2431 (Garamendi) — Transmission Corridor Planning.**

**AB 3368 (Wright) — Wheeling.**

Transmission of electrical power is becoming more important as the deregulation of electricity generation becomes more wide-spread. With deregulation, power is often generated far from where it is needed, necessitating the transmission of power to consumers.

Wheeling is the transmission of electricity for other parties. AB 3368 allows private energy producers and public utilities to request the PUC to order a utility to transmit the power of others, with appropriate reimbursement. Wheeling has the potential to increase economic efficiency by allowing the movement of power from where it is generated to where it is most needed.

Even without wheeling, there has been a surge in construction of transmission lines brought about by the increased movement of power. SB 2431 mandates the Energy Commission to study transmission corridors and develop a long-range plan for the location of such corridors. The Commission would also study corridors for natural gas pipelines.

**SB 2494 (Rosenthal), AB 3490 (Moore) — Trucking Regulation-Safety.**

**SB 2638 (Rosenthal) — Trucking Weight Limits.**

A large increase in the number of fatal accidents involving trucks has led to growing concern about the adequacy of trucking regulation and the enforcement of existing laws. In response, several bills have been introduced that deal with the problem of truck safety.

Under current law, the Public Utilities Commission is responsible for authorizing the operations of trucking companies. All carriers must certify to the Commission that their vehicles will be kept in safe operating condition. The main provisions of SB 2494 and AB 3490 requires that applicants make a showing to the Commission that state and federal safety regulation will be followed and a program of preventive maintenance will be undertaken.

SB 2638 makes the shipper of overweight sealed containers liable for any fines rather than the driver who generally has little or no responsibility for packing and loading of a sealed overweight item.

**SB 2811 (Hart) — Ratepayer Protection.**

Requires utilities to show a ratepayer benefit for many of their actions that, under current law, are frequently reimbursed by ratepayers. This includes some of the suits that utilities institute and the costs associated with conducting hostile takeovers of municipal utilities. The bill also requires a utility to reimburse the ratepayers when political mailings are made at ratepayer expense.

**SB 2519 (Rosenthal) — Study of Hazards of Electromagnetic Fields.**

Electromagnetic fields are associated with electric utility facilities. Evidence suggests that exposure to electromagnetic fields may be hazardous. Research has shown that children who attend schools near electric utility facilities and utility workers have higher incidences of leukemia and other cancers. The bill requires the Public Utilities Commission to assess electric utilities a fee to finance the study. The Commission, in conjunction with the State Department of Health Services, would conduct the study of the hazards of exposure to electromagnetic fields.

**SB 2656 (Rosenthal) — Private Pay Phones.**

The deregulation of the telecommunications industry has led to a multitude of private pay phones, phones that aren't owned by the local telephone company. Frequently, these phones do not have information regarding the ownership and the procedures to follow for complaints or refunds.

This legislation requires a uniform program of information be provided on these phones, including the ownership and procedures to follow to dial local and long distance calls. In addition, it would be required that the 911 emergency number be reached without insertion of a coin.

**AB 35 (Katz) — Fuel Efficient School Buses.**

This legislation allocates \$20 million from the Petroleum Violation Escrow Account (PVEA) for the purchase of fuel efficient schoolbuses. Funds would also be appropriated to the California Highway Patrol for studying the retrofit of school buses. As with other PVEA bills, this is inactive pending negotiations on the final disposition and allocation of the funds.

**AB 1350 (Cortese) — Local Utility Fees.**

In *San Marcos Water District v. San Marcos Unified School District*, the California Supreme Court ruled that local water districts could not levy capital facility or hookup fees against public agencies. The practical effect of the decision was to require other kinds of development to subsidize the capital facilities needed to serve new public buildings.

This bill authorizes the levying of capital facility fees against public agencies for water, light, heat, communications, power, flood control, drainage, garbage and sewer service. These fees could not be levied against certain new school buildings.

**AB 3295 (Moore) — Cable Television Franchises.**

The courts have held that cable television does not have the characteristics of a natural monopoly, hence exclusive franchises are not allowed. This bill sets standards for the granting of additional cable television franchises within a given municipality. The concern is that too many franchises would lead to unhealthy competition and wasteful duplication of services. AB 3295 requires the public entity to look at the need, aesthetic impacts, possible disruption to the community, and general societal interests when granting additional franchises.

**AB 3553 (Moore) — Public Utilities Commission Procedural Reform.**

**AB 3554 (Moore) — PUC-Administrative Law.**

**AB 4031 (Polanco) — Deadlines for Publishing PUC Decisions.**

**AB 4237 (Hauser) — PUC-Judicial Appeals.**

AB 3553 dramatically changes the procedures the Public Utilities Commission uses to set rates for the large utilities within the State. Rates would be approved on an annual basis, rather than the multi-year cycle currently in use. The bill also prohibits the Commission from adjusting rates for changes in the cost of capital, demand and operation and maintenance expenses.

AB 3554 removes the current exemption of the PUC from state mandates and laws regarding administrative law, including putting the PUC under the jurisdiction of the Office of Administrative Law.

AB 4031 ensures that PUC decisions and orders are published within certain time frames.

Under existing law, appeals of PUC decisions can be made only to the State Supreme Court and the scope for appeals is narrow. AB 4237 provides for appeal of a Commission order or decision to the court of appeal and expand the scope for appeals.

For more information, please contact Roger Dunstan, (916) 445-1727, Senate Office of Research.



## **INSURANCE: A POCKETBOOK ISSUE FOR THE 1980s**

Californians, particularly those in urban inner-city areas, are caught in a bind between escalating auto insurance rates and recent requirements that they carry proof of auto insurance or risk losing their licenses. Over the last 2½ years automobile insurance has increased 40% in California while the CPI has increased less than 10%. In some urban areas, such as south central Los Angeles, it costs over \$2,000 to insure a couple to drive; in such areas, it is estimated that over 80% of drivers have no auto insurance, despite legal requirements that they be insured.

Currently seven initiatives are vying for the November, 1988 ballot, proposing solutions ranging from imposing no-fault auto insurance to eliminating territorial rating of insurance premiums to mandating 20% or greater rollbacks of rates. While it is not clear at this point which of these initiatives will reach the ballot, the Senate is responding with its own legislation proposals in an effort to avoid an initiative war.

The Assembly is also considering a number of reforms, including adoption of no-fault insurance and increasing penalties on insurers for violation of the Commissioner's orders.

At this time, at least three Senate or Assembly bills are in or are headed to conference committee where additional compromise reforms may be adopted. In their current form, SB 1237 (Robbins) expands the ability of the Commissioner to examine insurer's books, papers and documents; SB 48 (Lockyer) modifies the procedures for the award of punitive damages; and AB 2297 (Johnston) increases penalties for violation of a cease and desist or court order dealing with unfair methods of competition or deceptive acts or practices. At this time it is too early to predict what the reforms ultimately adopted will be, but many of the proposals contained in the individual bills summarized below under "Auto Insurance" will be under consideration.

### ***Auto Insurance***

#### **SB 660 (Petris, Robbins, Deddeh and Keene) — Computer Assisted Insurance Quotations System.**

Requires the Department of Motor Vehicles to establish a computerized insurance rate quotation system on a pilot project basis to enable consumers to do price comparisons between competing auto insurance policies.

#### **SB 912 (Robbins) — Assigned Risk Plan.**

Requires the California Automobile Assigned Risk Plan to weigh the assigned risk automobile policy assignments and to require insurers who do not voluntarily issue an adequate number of auto mobile liability insurance policies in high-risk areas to issue more automobile liability policies under the plan.

#### **SB 2184 (Robbins) — Collision on Comprehensive Coverage.**

Prohibits any insurer from refusing to issue an automobile collision or comprehensive policy based solely on the age of the automobile to be insured.

**SB 2317 (Roberti) — Disclosure of Limits of Future Coverage.**

Requires any policy of automobile liability insurance to contain a notice of limits of future coverage, setting forth any reasons for which the insurer will cancel or refuse to renew the policy or increase the premium including for an accident in which the driver was not at fault. The requirement would be generally applicable to policies of automobile liability insurance covering private passenger motor vehicles and other 4-wheel motor vehicles not used in the occupation, profession, or business of the insured.

**SB 2534 (Robbins) — 9-Pay Plan for Assigned Risk.**

Requires the auto assigned risk plan (established for drivers who cannot obtain auto insurance in the private marketplace) to provide for a premium payment plan which allows for equal monthly installments over a 9-month period. To be eligible for the payment plan, the insured would have to pay an initial minimum of 20% of the annual premium.

**SB 2719 (Roberti) — Good Driver Rate Reduction Plan.**

Requires every admitted insurer licensed to issue automobile insurance policies in this state to reduce the total automobile insurances premiums to be charged each "good driver" as determined by the Insurance Commissioner based on the loss experience and expense data available to the commissioner.

**Assembly bills proposing significant changes in auto insurance compensation and regulation are AB 2845 (Calderon), AB 4311 (Grisham), AB 4635 (Hill), and AB 2297 (Johnston).**

***Insurance Reform***

**SB 467 (Petris) — Withdrawal of Insurers From Specific Markets.**

Requires insurers to notify the Department of Insurance prior to their withdrawal from or reduction of a designated class of commercial liability insurance or residential property insurance. It would impose financial penalties upon any person or insurer who fails to satisfy the specified notification requirements.

This bill also authorizes the commissioner to make an investigation to determine whether a designated class of commercial liability insurance or residential property insurance has an availability or affordability problem.

**SB 533 (Keene) — Flex Rating.**

In response to the excessive volatility of insurance rates and the cyclical nature of insurance company investment practices and underwriting losses, the state of New York enacted a system whereby insurers must get advance approval for rate increases in excess of certain predetermined limits. SB 533 institutes a similar system in California. Under the measure, after an initial filing of rates, rate changes in excess of 10 percent for personal lines and 25 percent for commercial lines of insurance would have to be submitted for approval to the Commissioner. The Commissioner would have 30 days in which to approve or disapprove the rate, and a hearing process is established for challenges to the Commissioner's decisions.

**SB 1011 (Robbins) — Excessive or Inadequate Rates.**

Removes the current finding that is required before an insurance rate may be held to be excessive or inadequate — that a reasonable degree of competition in the market for the insurance does not exist.

**SB 1102 (Seymour) — Child Care Insurance.**

Creates a Joint Underwriting Association to formulate and administer a plan to ensure the fair and nondiscriminating provision of child care insurance to child care licensees.

**SB 2301 (C. Green) — Consumer Advocate.**

Establishes an Insurance Consumer Advocate office in the Department of Justice, which would be authorized to intervene in insurance-related proceedings. The office would be funded through a 10 cent assessment on all insurance policies issued in the State.

**SB 2344 (Lockyer) — Fraudulent Claims.**

Requires insurance companies to pay an annual fee not to exceed 30 cents for each policy written, in order to fund increased investigation and prosecution of fraudulent auto insurance claims. Forty percent of the moneys received would be distributed to the Department of Insurance Fraudulent Claims Bureau and 60 percent to local district attorneys.

**SB 2717 (Roberti) — Intervention in Rate Proceedings.**

Allows any person to intervene in any rate proceeding instigated by the Insurance Commissioner or court action to review any finding of the Commissioner and requires the Commission or court to award reasonable attorneys' fees and expenses to the person if she or he makes a contribution to the commissioner's or court's decision.

**SB 2734 (Marks) — Reporting Requirements.**

Requires every insurer to file, at least annually, with the Commissioner, every form of policy written and five years information on the premiums charged, losses incurred, reserves, expenses incurred, investment income, and other information.

**SCA 29 (Marks) — Insurance Commissioner.**

This constitutional amendment establishes the office of Insurance Commissioner of an elected, nonpartisan office.

**SCA 38 (Rosenthal) — Insurance Commission.**

This constitutional amendment establishes a state Insurance Commission, made up of 5 voting members, one of whom would be the existing Insurance Commissioner. The measure empowers the Commission to review rates proposed by insurers and disapprove those which if finds are excessive, inadequate, or unfairly discriminating. The measure appropriates a loan of \$3 million from the General Fund to the Commission for initial costs of the Commission, to be made up from assessments on insurers.

**SB 1976 (Robbins) — Cancellation of Residential Property Insurance.**

Prohibits an insurer from rejecting, canceling, or refusing to renew a policy of residential property insurance after an offer of earthquake coverage is accepted due to the fact that the insured has accepted that offer of earthquake coverage, except in cases in which the policy is terminated by the named insured.

For more information, please contact Peter Hansel, (916) 445-1727, Senate Office of Research.

## **LABOR AND WORKERS COMPENSATION**

The elimination of the Cal-OSHA program in the private sector last year by the Governor's veto in the 1987-88 Budget is being challenged in the California Supreme Court and in a proposed ballot initiative for November which would require restoration of the program. In addition, two bills also are aimed at restoring the program. Other labor issues pending this session include reducing asbestos hazards, ensuring labor law, compliance and workers' compensation reform.

### **AB 867 (Floyd) and SB 1858 (C. Green) — Restoration of Cal-OSHA.**

AB 867 requires the Department of Industrial Relations to inform the U.S. Department of Labor that it intends to continue to operation of the Cal-OSHA program and to take all necessary steps to seek federal matching funds. SB 1858 simply restores the vetoed funding for the current fiscal year which the Governor identified in his veto message as being related to Cal-OSHA.

### **AB 812 (Floyd) — Reform of the Cal-OSHA Program.**

Makes major changes in the structure of the Cal-OSHA program by establishing:

- a special unit to conduct targeted inspections in high hazard industries,
- criteria for selection of targeted industries,
- protocols for inspections to emphasize inspection for the most hazardous types of conditions, and
- inspection mandates for complaints and follow-ups to free inspectors for more targeted inspections.

### **AB 2884 (Margolin) and AB 2889 (Floyd) — Cal-OSHA Standards and Appeals.**

AB 2884 requires the Cal-OSHA Standards Board to include in the occupational carcinogen standards any substance included on the Governor's Proposition 65 list as a carcinogen or reproductive hazard.

AB 2889 limits the ability of Cal-OSHA to reduce the classification of violations for citations under appeal to the Cal-OSHA Appeals Board.

## **Reducing Asbestos Hazards**

Related to the issues surrounding Cal-OSHA and the Governor's elimination of the program are the problems associated with the state's regulation of asbestos removal work. An Assembly hearing in December 1987 revealed that not only was virtually all of the work done in 1987 illegal, but that the state was among the parties contracting with asbestos removal firms which were not registered for the work with the Cal-OSHA program as required by law. In fact, at the time of the hearing only 5 contractors were registered and those only since late November 1987. Jobs such as the Capitol garage and the Cal-Trans headquarters were being done by unregistered contractors.

**AB 2999, 3002, and 3152 (Speier) — Asbestos and Schools.**

AB 2999 makes registration by the Cal-OSHA program a prerequisite to certification by the Contractors State License Board for asbestos removal contractors.

AB 3002 provides \$40 million for school districts for inspections and the development of management plans required by the Environmental Protection Agency. The bill also establishes a special inspection unit to randomly monitor the inspections and management plans developed by districts, and would prohibit private firms hired to conduct hazard assessments to also do the asbestos removal work. (AB 3969 (Hauser) contains the same prohibition for private sector work.)

AB 3152 provides \$100 million in bonds for the abatement of asbestos in public schools.

**AB 3713 (Connelly) — Notification.**

Extends the notification requirements of Proposition 65 as they relate to asbestos to public building owners.

**AB 3724 (Hauser) — Real Estate Disclosure.**

Adds two questions on asbestos to the standard real estate disclosure form.

**AB 3781 (Floyd) — Employee Notice.**

Requires employers to notify within five days all employees of any results of monitoring performed for the presence of friable asbestos.

**AB 3782 (Floyd) — Worksite Shutdown.**

Requires Cal-OSHA to shut down a worksite when it has reasonable cause to believe that the workplace contains friable asbestos and it appears that workers are inadequately protected from the dangers of airborne asbestos fibers.

**AB 3783 (Floyd) — Asbestos in Remodeling.**

Extends to public employers and building owners the good faith requirement to identify asbestos containing materials prior to contracting out for remodeling work. The bill also strengthens the ability of Cal-OSHA to enforce the registration requirement for contractors performing asbestos rip out jobs by providing for injunctions and civil penalties in specified circumstances.

**AB 3784 (Floyd) — Asbestos in Day Care Centers.**

Requires a written statement from a day care center for children or family day care center to the Department of Social Services stating that no asbestos is present or that the risks of asbestos have been abated. The requirement would be a prerequisite for a new or renewed license and would apply to all centers situated in buildings constructed prior to 1979.

***Public Works and Labor Law Compliance***

Compliance with the labor laws concerning public works has continued to be an issue, most notably in the case of out of state contractors bidding on jobs in California. Pending bills address several significant problems associated with compliance.

**AB 619 and AB 710 (Floyd) — Labor Compliance.**

AB 619 prevents contractors who are found to be in willful violation of the public works laws from bidding on public works jobs.

Currently the Labor Commissioner enforces public works laws. AB 710 offers a financial incentive to local awarding bodies of public works jobs to maintain a labor compliance program. The bill allows the local awarding body to keep half of any penalties if it maintains a labor compliance program. The bill also alters the method used to calculate the apprentice to journeyman ratio on public works jobs.

**AB 3376 (Tanner) — Employee Right of Action to Recover Unpaid Wages.**

Permits a private right of action by an employee against his employer to collect unpaid wages due the employee on a public works job.

***Employee Rights and Working Conditions***

Pending legislation in the area of employee rights and working conditions covers a wide variety of issues from termination at will to leaves of absence for child rearing purposes.

**SB 1816 (Beverly) and SB 1827 (B. Greene) — Termination at Will.**

Case law involving termination of employees has held that under certain circumstances there may be an implied contractual promise that employment will be terminated only for good cause. SB 1816 permits an employer to terminate an employee at will unless otherwise specified in writing.

The opposite approach is taken by SB 1827 which requires just cause for termination of an employee, and would establish a requirement of a Notice of Intent to Discharge. The bill additionally establishes employee rights to mediation and arbitration to be administered by the Department of Industrial Relations and paid for by a new fund called the Employee Discharge Proceedings Fund. Revenue for the fund would be from a new tax of one-quarter of one percent of the employee's wages paid by both the employer and employee.

**SB 1757 (Torres) — Child Rearing Leave.**

Requires all employers (both public and private) with at least five employees to permit an employee to take an unpaid leave of absence for the birth or adoption of a child or for a child's serious health condition. The bill guarantees the existing job or a similar position for the employee upon return to work. The employer would have to maintain the employee's health and life insurance and pension benefits. The bill provides for a private right of action by an employee against an employer who violates the provisions of the bill.

**SB 2311 (Campbell) — Overtime Pay.**

Substitutes the federal Fair Labor Standards Act for the orders of the Industrial Welfare Commission for the basis of overtime pay requirements. The effect would be to eliminate the current requirement to pay daily overtime since the federal act only covers overtime on a weekly basis.

**AB 3787 (Floyd) — Prohibition of Waiver of Rights by an Employee.**

Prohibits an employer from demanding or requesting, as a condition of employment, a written waiver of any right of the employee or applicant to recover damages from the employer.

**AB 3822 and 3823 (Roybal-Allard) and AB 3824 and 3825 (Floyd) — Enforcement of Labor Laws in the Garment Industry.**

Four bills deal with enforcement of labor laws in the garment industry; AB 3822 establishes an interdepartmental task force headed by the Labor Commissioner and including the Employment Development Department and local health departments to provide targeted priority enforcement of labor laws in the garment industry.

AB 3823 strengthens sanctions for violations of labor laws by garment manufacturers and would require the Labor Commissioner to revoke registrations under specific circumstances.

AB 3824 requires revenue from fines now going to the General Fund to go instead to a special account dedicated to enforcement activities.

AB 3825 provides a financial incentive of a reward for persons to report certain labor law violations, including those relating to minimum wages, child labor, maximum hours of work.

***Unemployment and Job Training***

**AB 607 (M. Waters) — Plant Closures.**

Requires employers to report a plant closure or reduction in operations within 30 days of the effective date of the reduction to the Employment Development Department.

**AB 3317 (Duplissee) — Unemployment Insurance Eligibility and Benefits.**

AB 3317 changes eligibility requirements for benefits and reduces benefits for those who worked less than 26 weeks in a year.

**AB 4088 (Johnston) — Unemployment Insurance Benefit Increase.**

Increases the maximum weekly unemployment insurance benefit payment by \$20 from \$166 to \$186 for new claims filed with an effective date on or after January 1, 1989.

**AB 3187 (Johnston) — Employment Training Panel Sunset Extension.**

Extends the sunset date for the Employment Training Fund and Employment Training Panel's expenditures from the fund from 1991 to January 1, 1995.

## *Drug Testing*

**AB 330 (Klehs) and AB 2113 (Eaves)—Restrictions on Drug Testing.**

AB 330 requires all initial positive substance abuse test results to be confirmed by an alternative testing method and would specify employee rights, including the right to retest a positive substance abuse test sample.

AB 2113 is limited to controlling the testing of drivers of trucks and busses. The bill requires, in testing done for the medical examination for the medical certificate for class 1 and class 2 drivers licenses, confirmation of initial positive test results and would specify employee rights including the right to retest. The bill requires a denial of an application for a license if a confirmed finding of a controlled substance is reported to the Department of Motor Vehicles. The department would be authorized to investigate if an existing license should be suspended or revoked if a confirmed finding is reported.

For more information, please contact Andrew Schaefer, (916) 324-6883, Senate Office of Research.

## *Workers' Compensation Reform*

California's workers' compensation system has grown rapidly in recent years — from \$2.9 billion in 1982 to \$5.3 billion in 1986 — and is the largest of its kind in the United States.

While the size of the system and amount of written premiums has grown, the weekly benefit rates paid to injured workers are among the lowest among the industrialized states. At the same time, the costs of operating the workers' compensation system are among the highest in the country.

Recent studies have shown that the workers' compensation system is in serious need of reform, particularly with regard to the benefits paid to injured workers, the timeliness of payment of benefits, the methods of dispute resolution, and the overall accountability of the system. Despite efforts in previous sessions to correct these problems, disagreement over the extent of reforms needed has prevented enactment of significant reform.

**SB 323 (Lockyer) — Benefits.**

Makes several changes in workers' compensation benefit levels and administration. Among others, the bill increases benefits for temporary disability and death, revises the calculation for permanent partial disability and life pension benefits, revises the disability evaluation procedures, limits compensability of mental injuries, and establishes a surcharge on employers who do not offer a health insurance plan to their employees.



A Comprehensive package of 14 bills to reform workers' compensation has been introduced by Senator Bill Greene, Chair of the Senate Industrial Relations Committee.

**SB 1771 — Permanent Partial Disability Benefits.**

Eliminates the disruptive drop in disability benefits that occurs when a physician proclaims a worker's condition to be permanent and stationary, and to permit workers to receive permanent disability benefits in a lump sum without having to enter into a compromise and release agreement in which they give up their rights to future medical care.

**SB 1772 — Temporary and Permanent Total Disability Benefits.**

Sets the maximum weekly benefit for temporary and permanent total disability at two-thirds of the state average weekly wage, or about \$290. In addition, the measure prevents an injured worker from receiving more in temporary disability benefits than he or she earned while working.

**SB 1774 — Life and Pension Benefits.**

Sets the maximum earnings considered for the purpose of computing the life pension benefit for workers with the most serious permanent partial disabilities at the state average weekly wage. This would increase the amount of the life pension paid to the most seriously injured workers and allow it to increase with the average weekly wage.

**SB 1785 — Permanent Total Disability Benefit Updating.**

Allows permanent total disability benefits to be increased to reflect statutory changes enacted two or more years after the date of injury. This would permit these benefits to be increased over time and thus come closer to the goal of being two-thirds of a permanently totally disabled worker's average weekly earnings.

**SB 1787 — Burial Allowance.**

Extends the \$500 increase in burial allowance that that was made in 1985 to public sector employees who were not mandated to receive the original increase.

**SB 1776 — Evaluation Protocols.**

Attempts to create a measure of consistency in the method by which physicians evaluating the medical condition of permanently injured workers reach their conclusions. It directs the Medical and Chiropractic Advisory Committee to develop and update protocols for medical evaluations of injured workers for the purpose of determining permanent disability. This would increase the level of consistency and comparability of permanent disability evaluations and reports.

**SB 1777 — Permanent Disability Evaluation Process.**

Revises the procedure employers or their insurers must follow in developing the initial evaluation of an employee's entitlement to permanent disability benefits. A recommended rating would be issued based on an evaluation by a physician agreed to by the parties or by an independent medical examiner if no agreement is reached or the worker is not represented.

**SB 1769 — Administrative Assistance.**

Attempts to add incentives for employers to comply with recommendations coming out of the initial informal dispute resolution process. If an employer or insurer fails to comply with a recommendation issued under this informal process — forcing the employee to retain an attorney and litigate the issue this measure proposes to make the employee whole by adding attorneys fees to the worker's award if the Workers' Compensation Appeals Board award is consistent with the recommendation.

**SB 1773 — Independent Medical Examiner Selection.**

Shifts authority for the selection of Independent Medical Examiners (IME's) to the Medical and Chiropractic Advisory Committee and require the committee to establish criteria for the selection and removal of IME's.

**SB 1788 — Formal Dispute Resolution.**

Makes several changes in the workers' compensation dispute resolution process designed to reduce the delays in settlement and adjudication of claims. The measure requires hearings of the Workers' Compensation Appeals Board to be prioritized, with those dealing with medical treatment or temporary disability claims receiving the quickest hearings. In addition, the measure imposes fines on parties for unnecessary delay in the proceedings unless good cause for continuance has been established.

A related Assembly measure is AB 4222 (W. Brown), which establishes a demonstration project to demonstrate techniques to reduce delay in the adjudication of workers' compensation claims. The demonstration project would be based in Los Angeles, Sacramento, San Jose, Santa Ana, Stockton, and Ventura. The bill establishes deadline for adjudication of claims and impose penalties on parties for failure to meet the deadlines.

**SB 1768 — Employer Assessments.**

This measure for the first time requires the state's administration of the Workers' Compensation system to be funded from a combination of assessments on employers and the General Fund, instead of just from the General Fund.

**SB 1775 — Benefits Audits.**

Strengthens the auditing requirements of insurers and self-insurers identified by the Department of Industrial Relations as having the worst records of paying injured workers promptly and accurately.

**SB 1786 — Sanctions.**

Strengthens the sanctions and penalties for delays in payment, including the imposition of civil penalties for a pattern or practice of poor claims administration.

**SB 1830 — Workers' Compensation Commission.**

Establishes a new commission to oversee the administration of the Workers' Compensation system and report annually to the Legislature as an effort to make the system more responsive to the needs of employees and employers and less controlled by the interests of service providers.

For more information, please contact Peter Hansel, (916) 445-1727, Senate Office of Research

## PENSIONS AND RETIREMENT SYSTEMS

Pension funds are playing an increasingly significant role in the management of the state and national economy. The assets of U.S. pension funds are now estimated to total more than \$1.5 trillion. In 1965, pension funds held 6% of all corporate equity. Today they hold over 25% and may hold as much as 50% by the turn of the century.

The assets of the two largest funds in California — the Public Employees Retirement System (PERS) and the State Teachers Retirement System (STRS) — now total approximately \$65 billion. The University of California Retirement System and local retirement plans are in addition to this total.

PERS is one of the largest systems in the country. This gives the California Legislature and California retirement systems the potential of having notable influence in state and national debates on the proper use of pension funds. Divestment of the funds from firms doing business in South Africa, for example is in its first year and is proceeding on schedule, and there is some early discussion of limiting investments in other corporate areas. The role of California pension funds in merger and takeover activity, and in corporate governance generally, has recently been the subject of hearings by the policy committees. Concerns over the long-term solvency of the pension funds following the October Crash are stimulating new oversight and new approaches to minimizing the risk and maximizing the return of the pension plans. In addition, legislation is pending to enhance benefits and increase representation of retirees on pension boards.

### ***COLAs, Benefits, and Representation on Retirement Boards***

#### **SB 275 (Russell) — PERS Cost of Living Adjustments.**

Under SB 275, cost of living adjustments, designed to raise payments to retired members of PERS to a maximum of 75% of the purchasing power of their initial monthly allowances, would be increased to a maximum percentage of 80%. Currently, earnings of the retirement fund in excess of those necessary to pay for administrative expenses and to credit interest to members' and employers' accounts and those allocated to the reserve against deficiencies go into an Investment Dividend Disbursement Account. This Account is then used to fund Purchasing Power Accounts, and these accounts fund the cost of living adjustments which help restore the loss of purchasing power which occurs with inflation.

#### **SB 804 (McCorquodale) — PERS Membership for Part-Time Employees.**

Persons who work less than 20 hours per week are not now eligible to be members of the Public Employees Retirement System. This measure authorizes:

- (a) any county superintendent of schools, school district, or community college district to adopt and transmit to PERS a resolution to
- (b) any public agency to amend or include in its contract a provision to include in the optional membership, part-time employees. These new members would be allowed to purchase past service credit.

**SB 959 (McCorquodale) — Purchasing Power for Retired Teachers.**

The real value, the purchasing power, of the initial monthly allowances of retirees under the State Teachers Retirement System declines over time due to inflation. This bill requires school districts and other agencies employing members of STRS to contribute to the Teachers' Retirement Fund additional annually increased percentages of the total salaries of members hired after July 1989. This would be a first step toward raising the value of monthly allowances to 75% of purchasing power at the time of retirement.

**SB 2679, 2680, 2681 (Green) — Spousal Signature on Retirement Plans.**

This package of bills, applicable to PERS, STRS, and '37 Act Plans respectively, requires that the signature of the spouse of benefit recipients be obtained before the election by the retiree of specified optional settlements, unless specified conditions are met. These bills are meant to explore the role of the spouse in benefit settlements and to correct any inadequacies of protection.

**AB 3194 (Elder) — Composition of the State Teachers' Retirement Board.**

Changes from appointment to election four members of the Board of STRS. Currently, two of twelve members of the board must be members of the system who, when appointed by the Governor from a list submitted by the Superintendent of Public Instruction, are classroom teachers in grades kindergarten through 12. Another of the appointees must be a retirant of the system. Another must be a community college instructor with expertise in business or economics, or both, who is appointed by the Governor from a list submitted by the Chancellor of the California Community Colleges. These four members would be elected by members of the group to which they belong, pursuant to regulations adopted by the board.

**AB 3456 (Elder) — Composition of Retirement Boards Under County Employees Retirement Law.**

Removes the county treasurer in counties of the first class (Los Angeles County) from ex-officio membership on the nine member retirement board of counties under the County Employees Retirement Law of 1937. The retirement board would have a second member who is a member of the retirement system and who would be elected by retired members.

**ACA 64 (Stirling) — State Regulation of Public Retirement Systems.**

The Constitution of the State of California does not expressly confer power upon the Legislature over all public retirement systems. This measure proposes an amendment to the people of the State which would, if approved, authorize the Legislature to regulate all local public retirement systems providing defined benefits, including the funding mechanisms. It further provides that a statute enacted pursuant to this section would be exempt from Article XIII A and XIII B. This would make it possible to require unfunded liabilities to be covered, for instance, without increasing the likelihood of running into applicable constitutional spending limits.

## ***Pension Fund Investment Policies***

Since the passage of Proposition 21 in 1984, the boards of the state retirement systems have been allowed greater flexibility to invest in equities and other types of investments to a greater extent, in accordance with the "prudent person standard". As the percentage of the funds' assets invested in corporate stock (usually of the largest firms) increases dramatically, and as the importance of diversification is stressed, the preferred form of diversification is becoming increasingly contested.

### **AB 2874 (Elder) — PERS and STRS Investments in Foreign Securities.**

Prohibits PERS and STRS from investing any of their funds' assets in securities issued by a corporation which is incorporated in another country and is controlled by persons who are not citizens of the United States and whose principal operations are conducted in a nation or nations other than the United States.

### **AB 1354 (Wright) — PERS Investments and Small Business Ventures.**

Authorizes the Board of Administration of the Public Employees Retirement System to maintain not more than 1% of the PERS' investment assets, or \$500,000,000, whichever is less, in small business venture capital and to make annual reports to the Legislature regarding these investments.

### **AB 3887 (Grisham) — Investment Managers for State Teachers' Retirement System.**

The State Teachers' Retirement Law now provides for one investment manager who is experienced and knowledgeable in corporate management issues to monitor each corporation whose shares are owned by the system and to advise the STRS Board on the voting of shares and on proper responses to merger proposals and tender offers. AB 3887 authorizes the employment of investment managers, all of whom are responsible for the duties above and who, in addition, must be familiar with all other matters pertaining to corporate governance.

For more information, please contact Rodger Dillon, (916) 445-1727, Senate Office of Research.

## **PUBLIC SAFETY AND THE JUDICIARY**

During 1988, the Legislature will consider bills designed to deter and punish criminals, strengthen crime prevention programs, help crime victims and improve operation of courts and prisons. The California prison population has continued to grow by over 125 inmates per week, reaching a new high of 66,000 inmates. Coupled with the prison construction program, overcrowding in the prison system has dropped slightly from 175% to 160% of capacity. A newly created Blue Ribbon Commission will meet during 1988 to study new options for dealing with our over-crowded jails and prisons.

### ***Sentencing Reforms Proposed***

#### **SB 2500, 2501, 2502 (Lockyer) — Sentencing.**

Ten years ago the Legislature took a historic step by restructuring the Penal Code, replacing an indeterminate sentencing structure with the Determinate Sentencing Law. Determinate sentencing has become more complex over the past ten years and the Legislature is now provided with the experience to re-examine the sentencing structure.

The California District Attorneys Association has spent the past year evaluating our Determinate Sentencing Law and completed a 100-page manuscript, the basis for Senator Lockyer's package. The bills would: modify length of terms, simplify enhancement structure, eliminate and modify rules governing the use of prior convictions, consolidate rules governing use of consecutive sentences, make clearer identification of habitual offenders, impose restrictions on presentence credits, eliminate some worktime and good conduct credits, streamline appellate review, and ease rules for pleading by defendants charged in multiple counties.

#### **SB 1156 (Lockyer) — Capital Punishment Act of 1987.**

Subject to a vote of the people, this bill expands the definition of first degree murder; extends to 35 years the minimum term for sentences of life with the possibility of parole; increases the number of special circumstances for which the death penalty may be imposed; allows for sentences of life without the possibility of parole for minors over 16 years of age who commit murder with special circumstances; prohibits judges from dismissing special circumstances when found by a jury; and makes procedural changes.

#### **SB 1476 (Mello) — Rape.**

Increases the term of imprisonment for rape to 3, 6, or 10 years.

#### **SB 2776 (Roberti) — Prostitution.**

Clarifies that a person convicted of repeated prostitution offenses must be incarcerated for at least 45 days (90 days for multiple prior offenses), even if probation is granted or if the person is placed in a work furlough program.

#### **SB 2073 (C. Green) — Drunk Driving.**

Adds the availability of sentence enhancements for felony vehicular manslaughter while intoxicated when more than one victim is injured.

**SB 1691 (Boatwright) — Worktime Credits.**

Reduces the awarding of worktime credits in cases of prisoners who are convicted of violent felonies, resulting in longer net sentences.

**SCA 9 (Boatwright) — Paroling Authority of the Governor.**

Provides the Governor with authority to review parole actions of the Board of Prison Terms relating to persons convicted of murder. After the Board determines to parole an inmate, the Governor would have 30 days to return that decision for a review by the Full Board.

**SB 2378 (Mello) — Parole.**

Requires notification of victims and witnesses who request notification when a prison inmate is placed on parole. Also specifies that penal statutes which have the effect of reducing or eliminating punishment are not retroactive. Provides for implementation of SCA 9 (Boatwright).

***Crackdown on Organized Crime, Gangs, Auto Theft***

**SB 1850 (Beverly) — Organized Crime Strike Force.**

Creates a special organized Crime Strike Force within the Department of Justice and provides \$2 million for its operation. The purpose is to help eradicate non-traditional organized crime such as street gangs, prison gangs, immigrant gangs, motorcycle gangs, and criminal cartels. Two field offices would be set up and staffed with 25 personnel.

**SB 1555 (Robbins) — Gang Activity.**

Increases sentences for persons who commit crimes as part of gang activity. Eases rules for filing civil suits against gangs for injury caused by the gang. Establishes a procedure for the forfeiture of property obtained by gang activity.

**SB 2237 (Maddy) — Criminal Racketeering.**

Substantially amends the California Control of Profits of Organized Crime Act: redefines racketeering activity to include additional crimes; eases rules necessary to prove racketeering behavior; defines a new crime of racketeering; and eases rules restricting forfeiture actions against organized crime members.

**SB 83 (Presley) — Wiretaps.**

Permits electronic eavesdropping by law enforcement officers as a means of obtaining evidence of specified major crimes. Currently, no wiretaps are authorized by state law.

**SB 1898 (Russell) — Commercial Bribery.**

Creates the crime of commercial bribery, punishable for a term of 2, 3, or 4 years, for a person who misuses his or her position within an organization for personal gain.

**SB 1900 (Davis) — Automobile Theft.**

Establishes the California Stolen Vehicle Recovery Network, to be operated by the California Highway Patrol. Authorizes three pilot programs and appropriates \$1.5 million to implement the programs. Private vehicles would be equipped with a homing device that could be activated by law enforcement after the vehicle was stolen. Massachusetts reports that 137 of 140 stolen cars with the devices were recovered during a 1½ year period

## ***Regulating Toy Guns and Concealable Firearms***

### **SB 1795 (Roberti) — Replicas of Firearms.**

Makes manufacture, sale, or distribution of a toy firearm that resembles an actual firearm a felony. Makes brandishing a firearm or a replica a felony.

### **SB 2868 (Presley) — Concealable Firearms.**

Recasts provisions of law relating to carrying of concealed firearms in order to achieve uniformity between counties. Requires sheriffs and police chiefs to determine an applicant's good moral character and demonstrated need to carry a concealed firearm when determining whether to grant a license.

## ***Helping Victims of Crime***

### **SB 1829 (Torres) — Victims of Crime.**

Requires procedural changes by the State Board of Control in order to better administer the Victims of Crime Fund after recent audits and hearing on shortcomings in the crime victims program.

### **SB 2205 (Roberti) — Sexual Assault Victims.**

Requires all hospitals to comply with the protocol established by the Office of Criminal Justice Planning for examining sexual assault victims. Provides General Fund monies to help pay for sexual assault examinations.

### **SB 2235 (Lockyer) — Sexual Assault Victims.**

Appropriates \$4.5 million to the Office of Criminal Justice Planning for local sexual abuse victim counseling centers.

### **SB 2837 (Seymour) — Restitution.**

Makes it easier for a victim to recover restitution from a defendant in a criminal matter by incorporating civil judgment rules in the criminal matter.

### **SB 2334 (Lockyer) — Sex Offender Registration.**

Provides for a 5-year pilot program and study to evaluate the number of arrests and convictions of sex offenders and for establishing criteria to identify the most serious habitual sex offenders.

## ***Prisons***

### **SB 1782 (Presley) — Prison Construction.**

Authorizes prisons in the areas of Wasco and Delano. Appropriates construction monies for prisons at Wasco, Delano, and Los Angeles.

### **SB 1950 (Presley) — Prison Construction.**

Requires the Department of Corrections to notify the Joint Committee on Prison Construction and Operation earlier in the site selection process and within 30 days after preliminary site studies are completed.



**SB 2869 (Keene) — Costs of Housing Prisoners.**

Provides that a county is entitled to reimbursement from the state for costs of housing a person who is sentenced to state prison and who is entitled to credit on that term because of having been in custody in a county jail.

***New Efforts To Ensure Speedy Trials***

**AB 1197 (Hannigan), AB 2640 (W. Brown) — Trial Court Funding.**

In order to relieve the strain on trial courts that can cause delays of up to five years on civil cases, the Legislature passed the Trial Court Funding Act of 1985, which provided for state funding of courts on a yearly county-option basis. But lack of fiscal resources prevented the bill from taking effect.

Last year the Legislature passed SB 709 (Lockyer), which implemented the Act and under which electing counties will receive a block grant calculated by the number of judges authorized for that county. The net gain by all counties could approach \$500 million. In exchange, the state will receive fines and forfeitures that have been kept by the counties. The counties will have to give up existing block grants for judges. The Act also provides for 109 additional judges and establishes a Trial Court Improvement Fund.

AB 1197 and AB 2640 will be used as "clean up" measures to fine tune the Act, including such issues as providing funding for local programs that were dependent on fines which will no longer be kept by the counties.

**SCA 3 (Maddy) — Death Sentences.**

Establishes a Special Court of Appeal that would have appellate jurisdiction when judgment of death has been pronounced. Under current law, all death sentences go directly to the Supreme Court.

**SCA 4 (Maddy) — Death Sentences.**

Provides that the Supreme Court may transfer a case in which the death sentence has been imposed to a Court of Appeal for review.

**SCA 11 (Davis) — Indictments.**

Provides that a preliminary hearing is not necessary when a grand jury issues an indictment.

**SCA 23 (Boatwright) — Due Process of Law.**

Provides that the people have the right to due process of law and a speedy trial in a criminal case. Provides that the people, the defendant, the victim, and the witnesses have the right to the expeditious disposition of criminal cases. Allows for continuances in a criminal proceeding only when denial of the continuance would deprive the party of the right to due process of law.

For more information, please contact Les Kleinberg, (916) 445-1727, Senate Office of Research.

# TRANSPORTATION

There is widespread recognition that California faces a serious and rapidly worsening problem with traffic congestion. California has spent less per person on its transportation than any other state in each year since 1975. Yet by the year 2000, California's population will rise by 25%, travel will increase by 31%, and highway delays will increase by 175% by 1995 and by another 65% by 2005. There are various estimates of the amount of additional money that would be needed between now and the year 2000 in order to avoid serious congestion. They start at \$50 billion and go up.

## *Financing Transportation*

The most important and contentious transportation issue is how to raise the money needed to construct additional facilities. There will be three measures on upcoming ballots concerning the matter. In addition to the legislatively approved transportation bond act, there are two initiatives. One, the "Paul Gann Spending Limit Improvement and Enforcement Act of 1988," would, among other things, require that the sales tax on gasoline and other fuels be earmarked for transportation. The so-called gasoline tax on gallonage is already earmarked for those purposes. The initiative would also clarify that gas taxes of all kinds are user charges not subject to the annual expenditure limitation. The second initiative, the "Government Spending Limitation and Accountability Act," would remove taxes and charges on fuel and motor vehicles from the expenditure limit. It seems likely that these three questions before the voters will occupy the field of transportation financing sufficiently to overshadow other proposals until after the 1988 elections.

### **SB 140 (Deddeh) — Transportation Bond Act.**

Places a \$1 billion general obligation bond act on the June, 1988 ballot. In contrast to the tradition that transportation work be paid for from gasoline taxes and related user charges, the bonds would be paid off from general state revenues.

The measure also makes several changes in the procedures for planning and programming transportation construction projects.

### **SB 2 (Robbins) — Reorganization of Southern California Rapid Transit District.**

SB 2 proposes reorganization of the largest transit district in Southern California.

## *Intercity Rail Services*

### **SB 387 (Mello) — Train to Gilroy.**

Directs Caltrans to study the feasibility of extending the train service currently serving the area from San Francisco to San Jose. The proposed extension would be to the Morgan Hill/Gilroy area.

**AB 980 (Costa) — Extension of Train Service to Sacramento.**

Train service currently runs from Oakland to Bakersfield via Stockton. Bus connections are necessary to get to Sacramento or to Los Angeles. AB 980 proposes extending train service on this route to include Sacramento.

**AB 971 (Costa) — High Speed North/South Rail Service.**

Complimentary to AB 980, AB 971 directs Caltrans to study the possibility of running high speed rail service between Southern California and the San Francisco Bay Area, via the Central Valley.

***Land Use and Transportation***

The most cost-effective way to avoid worsening traffic congestion may be to encourage a better balance between the location of new job producing development and of housing where new employees are likely to live.

**SB 2071 (Bergeson) — Land Use and Transportation Planning.**

Makes several changes in state planning law to require that local land use plans consider the relationship between proposed development and regional transportation facilities, and also consider the availability of public works capacity of all kinds.

For more information, please contact Dean Misczynski (916) 445-1727.