

FCL NEWSLETTER



VOL. 53, NO. 10

FRIENDS COMMITTEE ON LEGISLATION

Nov./Dec. 2004

The California Legislature's 2004 Voting Record

If there is a lesson to be learned from the 2004 general election, it is that Californians voted in record numbers despite the dominance of special-interest money in California politics. The presidential contest generated a healthy surge in voter participation, the largest turnout of registered voters (76 percent) since 1980.

Fueled by 16 ballot initiatives, a whopping \$200 million was spent in California this election. The No on Proposition 66 campaign received huge cash infusions from Governor Schwarzenegger, the prison guards union and billionaire Henry Nicholas in the waning days of the campaign to fund a television media blitz that succeeded in defeating the reform to California's "three strikes" law. Proposition 72, which would have provided health insurance to one million uninsured Californians, was narrowly defeated. From these losses, we find new optimism in the large numbers of Californians who supported these goals. With your help, FCL will work to educate legislators on the need for these important reforms.

The Legislature's voting record for 2004 is presented only as a snapshot and does not tell the entire story of a legislator's performance. For example, many bills of concern to FCL, both good and bad, are defeated in committee and never make it to the floor. What follows is a short summary of some key bills that had at least one floor vote. We hope it will assist you with lobbying your state representatives and Governor Schwarzenegger in the upcoming legislative session.

AB 384 (Tim Leslie, R., Tahoe City) directs the Department of Corrections and the Youth Authority to adopt regulations prohibiting tobacco for prisoners and correctional staff in correctional facilities. **FCL OPPOSED.** Chaptered. Floor votes: *Assembly*, 8/26/04; *Senate*, 8/26/04.

AB 1426 (Darrell Steinberg, D., Sacramento) creates a pilot program to provide local jurisdictions that achieve a specified

FCL wishes
you a joyous
holiday
season and
peace in the
new year.



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affordable housing production standard with grants. **FCL SUPPORTED.** Vetoed. Floor votes: *Assembly*, 8/27/04; *Senate*, 8/27/04.

AB 1793 (Leland Yee, D., San Francisco) requires electronic video game retailers to post signs providing information to consumers about the video game rating system. **FCL SUPPORTED.** Chaptered. Floor votes: *Assembly*, 8/18/04; *Senate*, 8/16/04.

AB 1796 (Mark Leno, D., San Francisco) provides that persons convicted of a drug felony not related to the manufacture, sale, or
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"The Friends Committee on Legislation (FCL), guided by Quaker values, advocates for California state laws that are just, compassionate, and respectful of the inherent worth of every person."

The Story of the 2003-2004 California Legislature

Our story begins in earnest in 2002, with the re-election of Gray Davis over Republican challenger Bill Simon by a margin of 47 to 42 percent. What was so unusual about this election was the Davis campaign's interference in the Republican primary. Because early polling showed Republican Richard Riordan and Gray Davis running even, the Davis campaign ran a series of negative ads depicting Riordan as an unprincipled flip-flopper for being anti-abortion before becoming pro-choice and for supporting a temporary ban on executions in California. The strategy worked. Bill Simon won the Republican primary and Davis was assured of victory in the general election, despite a strong surge of support for Simon in the closing days of the race.

For the third year in a row, the state's expenditures exceeded revenues due to the dot.com collapse and a prolonged national recession. In the 1990s, Republicans won tax cuts totaling \$9 billion annually in exchange for increased spending sought by Democrats. The combination resulted in huge fiscal deficits when the economy collapsed. When the time came for making tough choices to close the gap, bipartisan cooperation eroded as both parties became entrenched in preserving their priorities.

Fiscal follies

After promising he would only sign a budget that included structural reforms, Governor Davis followed the formula that worked for Pete Wilson in the early 1990s by proposing a combination of spending cuts and tax increases. Both Ronald Reagan and Pete Wilson had temporarily raised the top income tax brackets on the wealthiest Californians in order to balance their budgets.

In addition to a 15 percent reduction in Medi-Cal provider rates and reductions to In-Home Health Services,

(Continued on page 6)

2004 Voting Record *(Continued from page 1)*

distribution of a controlled substance are not automatically excluded from food stamp eligibility. **FCL SUPPORTED.** Chaptered. Floor votes: *Assembly*, 8/26/04; *Senate*, 8/25/04.

AB 1946 (Darrell Steinberg, D., Sacramento) streamlines the process by which prisoners diagnosed with a disease that will produce death within six months may have their sentences recalled provided they pose no threat to public safety. **FCL SUPPORTED.** Vetoed. Floor votes: *Assembly*, 8/24/04; *Senate*, 8/19/04.

AB 2832 (Sally Lieber, D., Mountain View) raises the minimum wage from \$6.75 per hour to \$7.25 per hour, effective July 1, 2005 and \$7.75 per hour, effective July 1, 2006. **FCL SUPPORTED.** Vetoed. Floor votes: *Assembly*, 8/23/04; *Senate*, 8/19/04.

SB 921 (Sheila Kuehl, D., Santa Monica) creates a universal health care system for all Californians. **FCL SUPPORTED.** Floor votes: *Assembly*, Not applicable. *Senate*, 6/04/04.

SB 1145 (John Burton, D., San Francisco) repeals the sunset clause on the requirement for 60-days notice for a rent increase of more than 10 percent. **FCL SUPPORTED.** Chaptered. Floor votes: *Senate*, 8/17/04; *Assembly*, 6/24/04.

SB 1164 (Gloria Romero, D., Los Angeles) requires the Department of Corrections to permit representatives from the news media to interview or visit prisoners and to receive confidential correspondence from prisoners. **FCL SUPPORTED.** Vetoed. Floor votes: *Senate*, 8/27/04; *Assembly*, 8/27/04.

SB 1287 (Sheila Kuehl, D., Santa Monica) requires courts to notify defendants who are custodial parents of the consequences to parental rights prior to the acceptance of a plea, and requires the Department of Corrections to maintain programs that encourage productive relationships between prisoners and their families. **FCL SUPPORTED.** Vetoed. Floor votes: *Senate*, 8/26/04; *Assembly*, 8/24/04.

SB 1399 (John Vasconcellos, D., Santa Clara) requires the Director of Corrections to evaluate each prisoner except those sentenced to death or life without parole, with respect to educational, vocational, and psycho-social development, and requires programs that address each prisoner's deficiencies. **FCL SUPPORTED.** Vetoed. Floor votes: *Senate*, 8/24/04; *Assembly*, 8/26/04.

SR 44 (John Burton, D., San Francisco) establishes the California Commission on the Fair Administration of Justice. This commission is charged with reviewing California's criminal justice to determine the extent to which that process has failed in the past, resulting in wrongful executions or the wrongful conviction of innocent persons. **FCL SUPPORTED.** Enrolled. Floor votes: *Senate*, 8/27/04. *Assembly*, Not applicable. ♡

– Carol Hanna <carol@fclca.org>

– Jim Lindburg <JimL@fclca.org>

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ASSEMBLY VOTES	AB 384	AB 1426	AB 1793	AB 1796	AB 1946	AB 2832	SB 1145	SB 1164	SB 1287	SB 1399
Aghazarian, Greg (R)	y	n	n	n	n	n	n	n	n	n
Bates, Patricia (R)	y	n	Y	n	n	n	n	n	n	Y
Benoit, John (R)	y	n	n	n	n	n	n	n	n	-
Berg, Patty (D)	N	Y	Y	Y	Y	Y	Y	Y	Y	Y
Bermudez, Rudy (D)	y	Y	Y	Y	-	Y	Y	n	Y	Y
Bogh, Russ (R)	y	n	n	n	n	n	n	n	n	n
Calderon, Ronald (D)	y	Y	-	Y	Y	Y	Y	Y	Y	Y
Campbell, John (R)	y	n	-	n	n	n	n	Y	n	n
Canciamilla, Joe (D)	N	n	n	Y	Y	Y	Y	Y	Y	Y
Chan, Wilma (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Chavez, Edward (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Chu, Judy (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Cogdill, David (D)	y	n	n	n	n	n	n	n	n	n
Cohn, Rebecca (D)	y	-	n	Y	Y	Y	Y	Y	Y	Y
Corbett, Ellen (D)	y	n	Y	Y	Y	Y	Y	-	Y	Y
Correa, Lou (D)	y	n	Y	n	n	Y	n	n	n	n
Cox, Dave (R)	y	Y	n	n	n	n	n	n	n	n
Daucher, Lynn (R)	y	n	Y	-	Y	n	n	n	n	Y
Diaz, Manny (D)	y	Y	Y	Y	n	Y	Y	Y	Y	Y
Dutra, John (D)	y	n	Y	Y	Y	Y	Y	n	Y	Y
Dutton, Robert (R)	N	n	n	n	n	n	n	n	n	n
Dymally, Merv (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Firebaugh, Marco (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Frommer, Dario (D)	y	Y	Y	-	Y	Y	Y	Y	Y	Y
Garcia, Bonnie (R)	y	n	Y	n	n	n	n	n	n	n
Goldberg, Jackie (D)	N	Y	-	Y	Y	Y	Y	Y	Y	Y
Hancock, Loni (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Harman, Tom (R)	y	n	n	n	n	n	n	n	n	n
Haynes, Ray (R)	N	n	n	n	n	n	n	Y	n	n
Horton, Jerome (D)	y	Y	Y	Y	n	Y	Y	Y	Y	Y
Horton, Shirley (R)	y	n	Y	n	n	n	n	n	n	Y
Houston, Guy (R)	y	Y	Y	n	n	n	n	n	n	n
Jackson, Hannah-Beth (D)	-	Y	Y	Y	Y	Y	Y	Y	Y	Y
Keene, Rick (R)	y	n	n	n	n	n	n	n	n	n
Kehoe, Christine (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Koretz, Paul (D)	-	Y	Y	-	-	-	Y	n	-	-
LaMalfa, Doug (R)	y	n	n	n	n	n	n	n	n	n
LaSuer, Jay (R)	y	n	n	n	n	n	n	n	n	n
Laird, John (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Leno, Mark (D)	N	Y	Y	Y	Y	Y	Y	Y	Y	Y
Leslie, Tim (R)	y	Y	n	n	n	n	n	n	n	Y

LEGEND:Y = voted yes; **for** FCL positiony = voted yes; **against** FCL position
N = voted no; **for** FCL positionn = voted no; **against** FCL position
- = absent or not voting

ASSEMBLY VOTES	AB 384	AB 1426	AB 1793	AB 1796	AB 1946	AB 2832	SB 1145	SB 1164	SB 1287	SB 1399
Levine, Lloyd (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Lieber, Sally (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Liu, Carol (D)	y	Y	-	Y	Y	Y	Y	Y	Y	Y
Longville, John (D)	y	Y	-	Y	Y	Y	Y	Y	Y	Y
Lowenthal, Alan (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Maddox, Ken (R)	y	n	n	n	n	n	n	n	n	n
Maldonado, Abel (R)	y	n	Y	n	n	n	n	n	n	n
Matthews, Barbara (D)	y	Y	n	n	n	n	Y	n	Y	n
Maze, Bill (R)	y	n	n	-	n	n	n	n	n	n
McCarthy, Kevin (R)	y	n	n	n	n	n	n	n	n	n
Montanez, Cindy (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mountjoy, Dennis (R)	y	Y	n	n	n	n	n	n	n	n
Mullin, Gene (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Nakanishi, Alan (R)	y	Y	Y	n	n	n	n	Y	n	n
Nakano, George (D)	y	n	Y	-	-	Y	Y	-	-	Y
Nation, Joe (D)	y	-	Y	Y	Y	Y	Y	Y	Y	Y
Negrete McLeod, Gloria (D)	-	n	Y	Y	Y	Y	Y	n	Y	Y
Nunez, Fabian (D)	-	Y	Y	Y	Y	Y	Y	Y	Y	Y
Oropeza, Jenny (D)	y	-	Y	Y	Y	Y	Y	Y	Y	Y
Pacheco, Robert (R)	y	n	n	n	n	n	n	n	n	n
Parra, Nichole (D)	y	Y	n	n	n	Y	Y	n	Y	n
Pavley, Fran (D)	y	Y	Y	Y	-	Y	Y	Y	-	Y
Plescia, George (R)	y	n	n	n	n	n	n	n	n	n
Reyes, Sarah (D)	-	Y	Y	Y	Y	Y	Y	Y	Y	Y
Richman, Keith (R)	y	n	Y	Y	Y	n	n	Y	n	Y
Ridley-Thomas, Mark (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Runner, Sharon (R)	y	n	n	n	n	n	n	n	n	n
Salinas, Simon (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Samuelian, Steve (R)	y	n	Y	n	n	n	n	Y	n	n
Simitian, Joseph (D)	y	-	Y	Y	Y	Y	Y	n	Y	Y
Spitzer, Tod (R)	y	Y	Y	n	n	n	n	n	n	n
Steinberg, Darrell (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Strickland, Tony (R)	y	n	n	n	n	n	n	n	n	Y
Vargas, Juan (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Wesson, Herb (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Wiggins, Patricia (D)	-	Y	Y	Y	Y	Y	Y	Y	Y	Y
Wolk, Lois (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	n
Wyland, Mark (R)	y	n	Y	n	n	n	n	n	n	n
Yee, Leland (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y

LEGEND:Y = voted yes; **for** FCL positiony = voted yes; **against** FCL positionN = voted no; **for** FCL positionn = voted no; **against** FCL position

- = absent or not voting

SENATE VOTES

AB 384 AB 1426 AB 1793 AB 1796 AB 1946 AB 2832 SB 921 SB 1145 SB 1164 SB 1287 SB 1399 SR 44

Aanestad, Sam (R)	y	n	n	n	n	n	n	n	-	Y	Y	n
Ackerman, Dick (R)	-	n	n	n	n	n	n	n	n	n	n	n
Alarcon, Richard (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Alpert, Dede (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y	-	Y
Ashburn, Roy (R)	N	n	n	n	n	n	n	n	n	n	n	n
Battin, Jim (R)	y	n	n	n	n	n	n	n	n	n	n	n
Bowen, Debra (D)	N	Y	Y	Y	Y	Y	Y	Y	Y	-	Y	Y
Brulte, James (R)	y	n	n	n	n	n	n	n	-	n	Y	n
Burton, John (D)	y	Y	Y	Y	Y	Y	-	Y	Y	Y	Y	Y
Cedillo, Gilbert (D)	y	-	Y	-	Y	Y	Y	Y	Y	Y	Y	-
Chesbro, Wesley (D)	y	n	Y	Y	Y	Y	Y	Y	-	Y	Y	Y
Denham, Jeff (R)	y	n	n	n	n	n	n	n	n	n	Y	n
Ducheny, Denise Moreno (D)	N	Y	n	-	Y	-	Y	Y	-	Y	Y	Y
Dunn, Joseph (D)	y	Y	Y	Y	-	Y	Y	Y	-	Y	-	Y
Escutia, Martha (D)	y	Y	Y	Y	-	Y	Y	Y	Y	Y	Y	Y
Figueroa, Liz (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Florez, Dean (D)	y	Y	Y	-	n	Y	Y	-	Y	Y	Y	Y
Hollingsworth, Dennis (R)	N	-	n	-	n	n	n	n	n	n	n	n
Johnson, Ross (R)	-	n	n	n	n	n	n	n	Y	-	Y	-
Karnette, Betty (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Kuehl, Sheila James (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Machado, Mike (D)	-	Y	-	-	Y	Y	Y	Y	Y	Y	-	Y
Margett, Bob (R)	N	n	n	n	-	n	n	n	-	-	Y	n
McClintock, Tom (R)	N	n	n	n	n	n	n	n	Y	Y	Y	n
McPherson, Bruce (R)	y	n	n	Y	Y	n	n	n	-	n	Y	-
Morrow, Bill (R)	-	n	n	n	n	n	n	n	n	n	n	n
Murray, Kevin (D)	-	Y	Y	Y	Y	Y	Y	Y	Y	Y	-	Y
Oller, Thomas "Rico" (R)	y	n	n	n	n	n	n	-	-	n	Y	n
Ortiz, Debra (D)	-	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Perata, Don (D)	-	Y	Y	Y	Y	-	Y	Y	Y	Y	Y	Y
Poochigian, Charles (R)	y	n	n	n	n	n	n	n	n	n	-	n
Romero, Gloria (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	-	Y	Y
Scott, Jack (D)	-	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Sher, Byron (D)	-	Y	Y	Y	Y	Y	Y	Y	-	Y	Y	Y
Soto, Nell (D)	y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Speier, Jackie (D)	-	Y	-	Y	Y	Y	Y	-	Y	Y	Y	Y
Torlakson, Tom (D)	y	Y	Y	Y	Y	Y	-	Y	Y	Y	Y	Y
Vasconcellos, John (D)	y	Y	Y	Y	Y	Y	Y	-	Y	Y	Y	-
Vincent, Edward (D)	y	-	-	-	-	-	Y	-	-	-	-	Y

NOTE: Votes totaled 39 due to vacancy.

LEGEND:

Y = voted yes; **for** FCL position

y = voted yes; **against** FCL position
N = voted no; **for** FCL position

n = voted no; **against** FCL position
- = absent or not voting

The Story of the 2003-2004 California Legislature (Continued from page 2)

the Davis budget plan proposed realigning \$8.2 billion in state programs to the county level. The new revenues would be dedicated to funding realigned services; thus they would not be subject to the Proposition 98 funding formula, which requires nearly half of all General Fund revenues be spent on K-14 education. The Legislative Analyst's Office (LAO) called the Davis administration's budget proposal ". . . an ambitious plan for dealing with the enormous fiscal problems facing the state."

Republicans, however, would not approve tax increases. A furor erupted over the size of the deficit which the Davis administration pegged at \$35 billion. Republicans accused the administration of budget trickery and were bolstered by an LAO report which said that the governor had overstated the size of the deficit by including additional spending necessary for achieving his policy goals as its baseline rather than the spending approved under current law. The LAO estimated the budget deficit at \$26 billion. California Republican Party Chairman Shawn Steel threatened to recall any Republican legislator who voted for a tax increase, an ominous sign indeed.

With the parties deadlocked on spending and taxes, the budget was not passed until July 29, 2003, well past the State's June 15th constitutional deadline. The final version relied heavily on borrowing. The state would issue \$10.7 billion in deficit financing bonds and another \$1.9 billion in pension obligation bonds. Although the budget contained no tax increases, the Vehicle License Fee (VLF) would be allowed to triple due to the state's fiscal emergency, a move that proved enormously unpopular with voters.

Reimbursements for Medi-Cal providers were reduced by five percent and support for higher education was reduced by 7.9 percent. The state suspended the federal COLAs for the Supplementary Security Income/State Supplementary Program. The CalWORKS COLA was also suspended due to the increase in the VLF. The two are

linked together by state law. When the VLF is reduced the state must grant the COLA.

Spending for prisons was reduced by only one per-



Used with permission. Rex Babin, *The Sacramento Bee*.

cent, or \$57 million. This overall reduction included funding for increases in the prison population which were offset by \$125 million in parole savings, as a result of new policies designed to reduce the number of parolees returned to custody for technical violations.

After all was said and done, the budget heavily reflected Republican budget priorities as a result of California's unusual two-thirds supermajority requirement to pass a budget. Not a single piece of legislation to increase revenues made it out of committee. Relying heavily on borrowing, the Legislature punted the difficult taxing and spending choices into the future.

A grass roots movement?

The no-win budget alienated party leaders and voters. But even before then, anti-tax crusader Ted Costa launched a signature drive to recall Davis. Capitalizing on the public's

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contempt over the state's energy crisis, frustration over the ongoing budget crisis, a poor economy, and Republican Congressman Darrell Issa's willingness to bankroll the expensive signature drive, the recall easily qualified for the ballot. Lt. Governor Cruz Bustamante issued a proclamation calling for a special election on October 7, 2003.

A total of 135 candidates to replace Davis appeared on the ballot including actor Gary Coleman, pornographer Larry Flynt, and others seeking a few seconds of instant notoriety. The circus-like atmosphere overshadowed the candidacies of Tom McClintock, Peter Uberroth, Peter Camejo, Arianna Huffington and Garret Gruener.

Two ballot initiatives slated for the March 2004 ballot were placed on the October 7th ballot. The Mexican American Legal Defense and Education Fund filed suit to remove Ward Connerly's Racial Privacy Initiative from the October ballot, arguing that there was insufficient time for public debate. The American Civil Liberties Union sued unsuccessfully on grounds that the punch card ballots used in districts with large minority populations are more prone to error, in violation of the U.S. Constitution's Equal Protection Clause.

The Davis administration filed several unsuccessful legal challenges, including one to postpone the special election until the following March and include Governor Davis as a replacement candidate. Initially, Democrats agreed not to enter a replacement candidate, a move they hoped would increase the odds that the recall would fail. Following Arnold Schwarzenegger's candidacy announcement, Democrats became nervous and unsuccessfully attempted to draft Dianne Feinstein as a replacement candidate.

Throughout Schwarzenegger's campaign, he said he would be "the people's governor" and promised to "sweep the special interests out of Sacramento."

Democratic unity suffered a further blow when Lt. Governor Cruz Bustamante filed papers offering himself as a Democratic alternative should the recall succeed. At-

torney General Bill Lockyer publicly warned Davis that if he ran another negative campaign many Democrats would vote to recall him.

Throughout Schwarzenegger's campaign, he said he would be "the people's governor" and promised to "sweep the special interests out of Sacramento." When prodded on the state's fiscal problems, Schwarzenegger, who

(Continued on next page)

Statement of Ownership

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Extent and Nature of Circulation	Average No. Copies Each Issue During Preceding 12 Months	Actual No. Copies of Single Issue Published Nearest to Filing Date
Total Number of Copies	2,900	2,900
Paid/Requested Outside-County Mail Subscriptions	2,478	2,267
Paid In-County Subscriptions	10	0
Sales Through Dealers and Carriers, Street Vendors, Counter Sales, and Other Non-USPS Paid Distribution	---	---
Other Classes Mailed Through the USPS	---	---
Total Paid and/or Requested Circulation	2,488	2,267
Free Distribution by Mail Outside-County	74	0
Free Distribution by Mail In-County	6	0
Free Distribution by Mail-Other Classes	---	---
Free Distribution Outside the Mail	---	---
Total Free Distribution	80	120
Total Distribution	2,568	2,487
Copies Not Distributed	332	298
Total	2,900	2,900
Percent Paid and/or Requested Circulation	95%	95%

This revised Statement of Ownership is being printed in the Nov./Dec. 2004 issue of this publication.

/s/ Carol Hanna, Admin. Ass't.

10/8/2004

The Story of the 2003-2004 California Legislature (Continued from page 7)

refused to debate Gray Davis, said he would open up the books to cut fraud and waste. He also pledged to repeal the increase in the VLF and repeal legislation (**SB 60**) allowing undocumented workers to apply for driver's licenses, to reform the state's troubled worker's compensation system, and to renegotiate state employee contracts. The voters recalled Davis by a margin of 55 to 45 percent. Schwarzenegger was elected to succeed Davis with a plurality of 49 percent.

The first 100 days

Immediately after his inauguration, Schwarzenegger issued an executive order repealing the VLF increase. While politically popular, this move added \$4 billion to the state's

. . . Schwarzenegger issued an executive order repealing the VLF increase. . . this move added \$4 billion to the state's budget deficit with no provisions to make up the lost revenues or to determine which programs would be cut.

budget deficit with no provisions to make up the lost revenues or determine which programs would be cut.

The new governor also

called the Legislature into a special session to overturn **SB 60**. Citing security concerns following September 11, Gray Davis vetoed similar legislation in 2002. As the recall election drew closer, Davis abruptly signed **SB 60**. His sudden reversal drew numerous complaints of political pandering. Governor Schwarzenegger vowed that he would support some form of a driver's license for undocumented workers, but vetoed subsequent legislation, prompting charges of betrayal from the Latino Caucus.

The governor called another special session to reform worker's compensation insurance which had been deregulated several years ago. Democrats sought to require rate reductions from insurers in exchange for their reduced costs. The special session ended abruptly with no agreements achieved. In the subsequent regular session, the governor turned up the heat on the Legislature and threatened to take the issue to the voters in the form of a ballot initiative. The Legislature passed "reforms" in the form of savings to insurers. While there have been rate reductions averaging about 10 percent, Insurance Commissioner John Garamendi indicates that most of the savings have not been realized by consumers. Garamendi is calling for rate reductions of 22 percent.

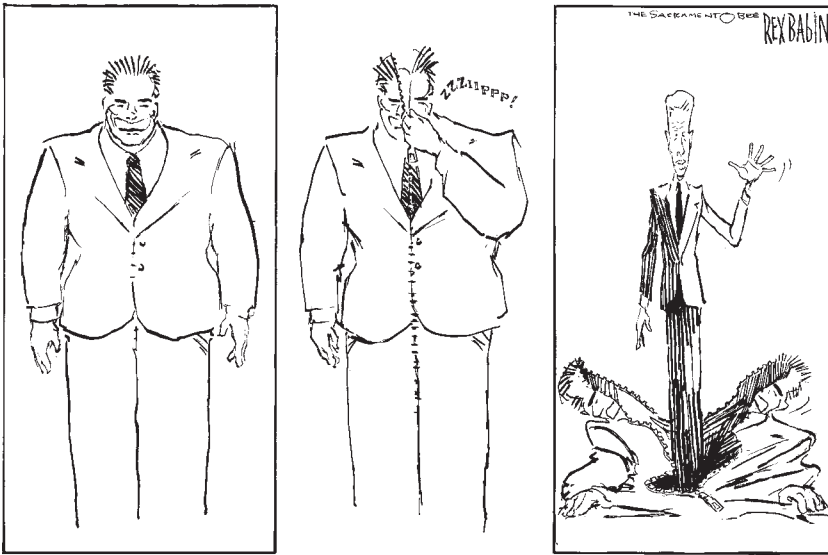
Schwarzenegger then turned to the state budget. Republicans who had criticized Davis for overstating the size of the budget deficit in early 2003 now said the deficit they inherited had been understated. (During the recall campaign, Gray Davis, who had overstated the deficit, claimed the state had balanced the budget.) Donna Arduin, Finance Director, hastily released an audit estimating the state's deficit at \$25 billion. Arduin's appearance before an Assembly Budget Subcommittee ended abruptly when she walked out after a question from Assembly Member Jackie Goldberg on the impact of the VLF reduction. Arduin also failed to attend a Senate Budget Committee hearing which prompted some Democrats to wonder why they had been called into special session to consider the Governor's budget proposals when no one from the Department of Finance bothered to attend.

Key to Schwarzenegger's budget plan were \$2 billion in mid-year spending reductions and a \$15 billion bond measure to refinance the state's existing debt. The proposed spending reductions included cuts to higher education, the Department of Rehabilitation, the Department of Social Services, and Child Support Services. In December, FCL joined with other advocates to protest cuts to programs for the developmentally disabled at the annual Holiday Tree Lighting Ceremony. The ceremony was presided over by Governor Schwarzenegger. Ironically, it is a time honored Capitol tradition to have a developmentally disabled child flip the switch to light the tree. Shortly afterwards, Schwarzenegger rescinded the cuts.

California's constitution requires that bond measures be approved by the voters. Neither the \$11 billion deficit financing bonds nor the \$2 billion pension fund

bonds included in the 2003-2004 budget agreement were approved by the voters. The Schwarzenegger administration proposed a ballot measure to refinance the state's deficit by selling \$15 billion in bonds. Republicans insisted on including a constitutional amendment that state spending only be allowed to grow at a rate consistent with the annual rate of inflation and growth in the state's population. Democrats countered that such rigid budget formu-

. . . during his first year in office, the . . . "people's governor" raised more than \$26 million . . . , more than twice as much as his predecessor.



Used with permission. Rex Babin, *The Sacramento Bee*.

las would tie the Legislature's hands when attempting to deal with the state's needs. Between two-thirds and three-fourths of all state spending is already nondiscretionary due to statutory requirements and ballot box budgeting amendments to the State Constitution.

Schwarzenegger crafted a compromise. In order to win legislative support to place his proposals on the ballot, the proposal to restrict the growth in state spending to the rate of inflation and population growth was scrapped. It was replaced with a prohibition on long-term borrowing to finance deficits and mandatory balanced budgets. The state would also be required to make annual payments into a reserve fund to cushion economic downturns. While the first two provisions included many loopholes, both measures (**Propositions 57 and 58**) were passed by voters in March 2004.

Though the measures did nothing to address the state's long-term imbalance between revenues and spending, both parties claimed political victory. Seemingly forgotten were promises made by Governor Schwarzenegger during his inaugural address for his plan to "blow up boxes" where other governors had only tried to rearrange them. The proposal to refinance the state's debt – instead of making difficult choices – had all the earmarks of his predecessor's own inability to overcome the partisan divide in the Legislature.

During the campaign for Propositions 57 and 58, stories about Schwarzenegger's expansive fundraising escapades began to appear in the media with frequency. According to the Foundation for Taxpayer and Consumer Rights, during his first year in office, the self-proclaimed

"people's governor" raised more than \$26 million from campaign supporters, which is more than twice as much as Gray Davis. The largest contributions came from the real estate sector and the finance and investment industries.

Schwarzenegger: The 2004-2005 budget agreement

For the 2004-2005 budget, Governor Schwarzenegger proposed heavy cuts to health and human services, including the additional 10 percent cut to Medi-Cal provider rates that Gray Davis had requested, even though a court had invalidated the five percent provider cut adopted in the 2003-2004 budget. The governor's budget proposal also included enrollment caps for children in the Healthy Families Program and students in both the University of California (UC), and the California State University (CSU) systems.

Schwarzenegger decided to bypass the Legislature completely when dealing with several key constituencies. The governor negotiated deals with the education consortium to cut \$2 billion in K-12 spending in exchange for funding restorations in future years. The governor also negotiated similar deals with the UC and CSU systems, getting them to accept cuts now and agree to raise student fees each year in exchange for future funding restorations. Schwarzenegger won \$2.6 in concessions from local governments in exchange for promises to fund future restorations and to support a constitutional amendment to prevent the state from raiding local government coffers in the future.

. . . the first budget signed by Schwarzenegger looked very much like previous budgets, . . . [relying] heavily on borrowing, fund shifts, and accounting gimmicks. . . .

Having been undermined by Schwarzenegger's back room deal making, Democrats would not hold out for tax increases, but refused to accept the most egregious cuts to health and human services, and higher education. The budget passed by the Legislature in late July 2004, relied heavily on one-time fixes and borrowing, including the additional revenues from the deficit-financing bonds. Schwarzenegger relented on his proposed cuts to Medi-

(Continued on next page)

The Story of the 2003-2004 California Legislature *(Continued from page 9)*

Cal and the Healthy Families program. The governor's proposed cuts to In-Home Health Services were avoided with a proposal to apply for a federal waiver. The CalWORKS COLA was reinstated due to the reduction in the VLF but was delayed for three months.

Corrections would receive a 16 percent increase, mainly to replace one-time federal funds which had expired. The budget assumes a lower prison population of 157,000 and a larger parole population as the result of parole reforms passed in the 2003-2004 budget.

After all was said and done, the first budget signed by Schwarzenegger looked very much like previous Davis budgets, in that it relied heavily on borrowing, fund shifts, and accounting gimmicks, but with a newly added twist. As a result of the political deals crafted by Governor Schwarzenegger, additional state revenues would now be obligated into future years. Once again difficult choices were being punted into the future in exchange for political expediency. The LAO predicted future budget deficits of \$10 billion, approximately the same figure as when Gray Davis left office. ☛

This article will be continued in the January 2005 FCL Newsletter.

The Friends Committee on Legislation of California (FCL) includes Friends and like-minded persons, a majority of whom are appointed by Monthly Meetings of the Religious Society of Friends in California.



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