and expressed legislative findings in that connection; **AB 2893 (Andal)**, which would have restored the 5% salary reduction for specified state employee managers and supervisors ordered by the Wilson administration in the 1991–92 budget; **ACA 53 (Mountjoy)**, which would have required the Governor to submit a budget to the legislature by March 1 of each calendar year, and required the Governor and members of the legislature to forfeit all salary, travel, and living expenses if the legislature fails to pass a budget bill by June 15 of each year; **AB 2288 (Isenberg)**, which would have established a twelve-member Commission on California Fiscal Affairs; and **AB 34 (Wyman)**, which would have required LAO or the Legislative Counsel to prepare a condensed version or digest of each impartial analysis which the Office is required to prepare for each measure appearing in the official ballot pamphlet.

LITIGATION

On June 18, the California Supreme Court denied review of ***Claypool v. Wilson***, 4 Cal. App. 4th 646 (1992), in which the Third District Court of Appeal rejected a petition for writ of mandate filed by members of the Public Employees' Retirement System (PERS) and their employee organizations challenging the constitutionality of two parts of AB 702 (Frizzelle) (Chapter 83, Statutes of 1991). AB 702 repealed previous supplemental cost of living (COLA) programs, transferring the funds to be used to offset contribution otherwise due from PERS employers, thus lowering the amount the state would have to contribute. Petitioners contended that the repeal violated the contracts clause of the California Constitution. *[12:2&3 CRLR 55]*

On June 25, the California Supreme Court denied review of ***Department of Personnel Administration v. Superior Court, Cecil Green, et al., Real Parties in Interest***, 5 Cal. App. 4th 155 (1992), in which the Third District Court of Appeal upheld a trial court determination that the California Department of Personnel Administration did not have the authority to impose its last, best offer on wages after bargaining to impasse. *[12:2&3 CRLR 55]*

ASSEMBLY OFFICE OF RESEARCH

Director: Sam Yockey
(916) 445-1638

Established in 1966, the Assembly Office of Research (AOR) brings together legislators, scholars, research experts and interested parties from within and outside the legislature to conduct extensive studies regarding problems facing the state.

Under the director of the Assembly's bipartisan Committee on Policy Research, AOR investigates current state issues and publishes reports which include long-term policy recommendations. Such investigative projects often result in legislative action, usually in the form of bills.

AOR also processes research requests from Assemblymembers. Results of these short-term research projects are confidential unless the requesting legislators authorize their release.

MAJOR PROJECTS

AOR released no reports between May 15–September 25, 1992.

SENATE OFFICE OF RESEARCH

Director: Elisabeth Kersten
(916) 445-1727

Established and directed by the Senate Committee on Rules, the Senate Office of Research (SOR) serves as the bipartisan, strategic research and planning unit for the Senate. SOR produces major policy reports, issue briefs, background information on legislation and, occasionally, sponsors symposia and conferences.

Any Senator or Senate committee may request SOR's research, briefing, and consulting services. Resulting reports are not always released to the public.

MAJOR PROJECTS

An Overview of the Budget Solution for 1992–93 (September 1992) analyzes key provisions of the 1992–93 budget compromise signed by Governor Pete Wilson on September 2, a record 63 days into the new fiscal year. Among other things, the $57 billion package reduces funding in virtually all areas of government, despite the state's steady population growth; reduces state welfare grants for a second consecutive year; and significantly increases fees at public universities. According to SOR, the budget's deep cuts were required to reduce an $8 million deficit aggravated by the continuing economic recession. The fiscal problems follow a record $14.3 billion revenue shortfall last year, ultimately addressed by a combination of tax increases and budget cuts.

The 1992–93 budget includes overall cuts in general fund spending from 1991–92 levels of 10.6% for the University of California (UC) and 7.5% for the California State University (CSU) system. The final budget increased the student fees at CSU by 40% and at UC by 24% over 1991–92 levels. Under SB 1972 (Hart), tuition will be charged to CSU and UC students who have obtained degrees and are taking courses toward duplicate or lesser degrees. The budget does not include additional money for the Student Aid Commission to help students who experience financial hardship because of the UC and CSU fee increases; instead, the Commission's budget will be cut by about 15%.

Regarding K–12 education, schools will receive as much per student as they did in 1991–92, although no new money will be built into their base for future spending calculations. Funding for K–12 education will remain at $4,185 per average daily attendance; maintaining the same level of per-student spending will require a loan of $732 million for the K–12 schools.

Health and welfare programs will face major reductions in funding. Although the Governor's proposed permanent elimination of a number of Medi-Cal benefits was rejected in the final budget compromise, many other cuts in vocational rehabilitation, mental health services, developmental services, social services, and health services were accomplished by the health and welfare trailer bills. In the area of social services, a savings of $394 million is projected from an average 5.8% reduction in monthly benefits for those who receive Aid to Families with Dependent Children (AFDC); the precise cuts will vary by region, with the consent of the federal government. Although significant, these benefit reductions are less than the 10% cut proposed by Wilson in Proposition 165, which qualified for the November ballot; Wilson's initiative also would impose an additional 15% cut in benefits for AFDC families who receive aid more than six months. The 1992–93 budget package also permits counties to scale back their general assistance (GA) welfare grants by adjusting the "cap" levels on GA grants, reducing grants to reflect differences in the cost of housing in various parts of the state, and imposing restrictions on benefits for persons who refuse to participate in work programs without good cause.

Cuts in local government funding could not be avoided in coping with the severe state general fund shortfall. The 1992–93 budget package shifts $1.3 billion in property taxes from cities, counties, and special districts to schools, freeing state funds for other uses. In addition to the local government property tax reductions, the state budget makes major changes in the areas of vehicle license fees and cigarette tax revenues.

The 1992–93 budget also includes many changes in the funding of youth and adult corrections programs, resulting in an 8% decrease in funding levels from the 1991–92 budget. As ways to reduce spending, the budget provides for a more equitable time credit system, eliminates parole for some nonviolent offenders, eliminates the civil addict program, and requires county jails to keep inmates who would have been sent to state prison for less than four months.

Resources and environmental programs were also affected by the 1992–93 budget. For example, general fund appropriations for the newly-created Department of Pesticide Regulation were decreased by 15%; those reductions were backfilled with pesticide mill tax revenues from increased appropriations. SOR notes that the conference committee on SB 1280 (Alquist) eliminated general fund support for the Water Resources Control Board's (WRCB) regulatory programs; however, a subsequent trailer bill, AB 988 (Lancaster), restored $17.8 million in general fund money to WRCB in order to fully fund the waste discharge and water rights program and to address program backlogs.