

### **LEGISLATURE CONFRONTS BALLOT MEASURE DEADLINE**

The members of the California Senate worked late Friday to meet the statutory deadline for placing key elements of Governor Arnold Schwarzenegger's "State Financial Recovery Plan" on the March 2004 ballot. The effort was unsuccessful.

The Governor's plan included a proposal to submit \$15 billion in long-term "deficit recovery bonds" to the voters ([SB 5x2](#) - [Ashburn](#)), as well as a proposed constitutional amendment to create a state expenditure limit ([SCA 5x2](#) - [Brulte](#)). Legislative Democrats countered with a bond proposal ([SB5x4](#) - [Chesbro](#)) that provided a much shorter payoff period (seven years, as compared to 30) and saw this particular spending cap proposal as too restrictive. Because Republicans would not support the bond measure without the spending cap and Democrats would not support one with the cap, ultimately none of the proposals received more than 23 votes in support – and the stand-alone spending cap was defeated on a vote of 0-34. All votes were reconsidered and the measures returned to the file, where they may be taken up again.

Senate Minority Leader [Jim Brulte](#) (R-Rancho Cucamonga) warned that Republicans would try to put an even tougher spending limit on the November ballot if the negotiations failed to produce a March ballot agreement.

The Senate also rejected a bill ([SB 5x5](#) – Machado) that would have waived the statutory deadline for placing any proposal approved by the Legislature on the March ballot. Theoretically, such a bill could still be passed and one or more measures added to the March ballot before the materials are actually printed. However, the window of such opportunity is very narrow.

Apparently anticipating the legislative deadlock that occurred, the governor late in the week quietly approved a plan from the budget package approved last July by former Governor Gray Davis to borrow \$10.7 billion without voter approval. However, that bond proposal has been challenged in court by several groups as unconstitutional.

### **FACTIONS SLOW WORKERS COMP REFORM EFFORT**

Governor Schwarzenegger's efforts to push through a comprehensive workers' compensation reform bill have been slowed by factions in the Legislature that

do not appear eager to make comprehensive changes to a system that some argue was substantially improved though the reform package signed into law just last September.

Although the Governor unveiled his own workers' compensation reform package more than two weeks ago, the Legislature has been slow to take up either of the two identical measures, [AB4x1](#) ([Maldonado](#)) and [SB4x3](#) ([Poochigian](#)), which incorporate the Governor's proposals.

The Senate Labor and Industrial Relations Committee held a hearing Tuesday on the Poochigian bill but, at the request of Governor Schwarzenegger, took no formal action on the bill. The Assembly Insurance Committee was scheduled to hear the Maldonado bill on Wednesday but canceled that hearing. Both committees plan to hold hearings this week.

Proponents of the reform bills are hoping the Legislature takes action during the current extraordinary session on workers' compensation. If members depart Sacramento for the holidays without taking formal action on either of the pending measures, it will leave workers' compensation reform in a state of limbo until the Legislature returns on January 5. Proponents of reform argue that workers' compensation costs need to be reigned in sooner rather than later.

However, the delay in taking formal action comes as no surprise. Democrats in both houses have expressed a reluctance to adopt reforms beyond those signed into law recently, preferring to look at workers' compensation from an information-gathering prospective rather than specific legislative proposals. This strategy may stay in place for the foreseeable future. The well-publicized December 5 deadline for legislative approval of the governor's \$15 billion bond measure for the March 2004 ballot (see previous article) does not apply to the workers' compensation proposals.

Indeed, workers' compensation reform is much more open-ended and, therefore, subject to extended debate and negotiations. However, proponents of major workers' compensation reform have threatened to place an initiative on the November 2004 ballot if the Legislature fails to enhance the reforms scheduled to go into effect on January 1, 2004.