

## AGENDA

### COMMITTEE ON GOVERNMENTAL RELATIONS

**Meeting:** 2:30 p.m., Tuesday, September 15, 1998  
**Auditorium**

Joan Otomo-Corgel, Chair  
Martha C. Fallgatter, Vice Chair  
Ronald L. Cedillos  
Jim Considine  
Bob Foster  
Harold Goldwhite  
Laurence K. Gould, Jr.  
James H. Gray  
Maridel Moulton  
Ralph R. Pesqueira  
Alice S. Petrossian  
Ali C. Razi  
Michael D. Stennis

#### **Consent Items**

Approval of Minutes of Meeting of July 14, 1998

#### **Discussion Items**

1. 1997/98 Legislative Report No. 12, *Action*
2. Education Bond Act: Endorsement by Board of Trustees, *Action*
3. Review of Propositions Appearing on the November 1998 General Election Ballot, *Information*

MINUTES OF MEETING OF  
COMMITTEE ON GOVERNMENTAL RELATIONS

Trustees of The California State University  
Glenn S. Dumke Conference Center  
400 Golden Shore  
Long Beach, California

July 14, 1998

Members Present

Joan Otomo-Corgel, Chair  
Martha C. Fallgatter, Vice Chair  
Jim Considine  
Harold Goldwhite  
William Hauck, Chairman of the Board, ex officio  
Maridel Moulton  
Ralph R. Pesqueira  
Alice S. Petrossian  
Ali C. Razi  
Charles B. Reed, Chancellor, ex officio  
Michael D. Stennis

Members Absent

Ronald L. Cedillos  
Bob Foster  
Laurence K. Gould, Jr.  
James H. Gray

Other Trustees Present

William D. Campbell  
Stanley T. Wang

Chancellor's Office Staff

June M. Cooper, Senior Vice Chancellor and Interim Chief of Staff  
David S. Spence, Executive Vice Chancellor  
Richard P. West, Senior Vice Chancellor, Business and Finance  
Douglas X. Patiño, Vice Chancellor, University Advancement  
Christine Helwick, General Counsel  
Samuel A. Strafaci, Interim Senior Director, Human Resources  
Karen L. Yelverton, Chief Professional Officer, Governmental Affairs

Presidential Liaisons

Robert A. Corrigan, President, San Francisco State University, present  
Donald R. Gerth, President, California State University, Sacramento, present  
James M. Rosser, President, California State University, Los Angeles, present

Chair Otomo-Corgel called to meeting to order at 3:00 p.m.

### Approval of Minutes

The minutes of May 12, 1998, were approved.

Chair Otomo-Corgel began the meeting with an announcement that, following initial presentation of the Legislative Report and discussion of the utility initiative, Karen L. Yelverton, chief professional officer, governmental affairs, and Bobbie Metzger, executive director, strategic communications and campus relations, would bring the committee and Board of Trustees up-to-date on bonds and Californians for Higher Education (CHE). Chair Otomo-Corgel then requested that Ms. Yelverton present the first part of the Legislative Report.

### 1997-98 Legislative Report No. 11

Ms. Yelverton presented a brief update on three of the sponsored bills pertinent to the CSU, indicating that all three sponsored bills are successfully moving through the legislative process and are expected to move to the governor's desk by the end of August. SB 1849 (Alpert) – Capital Outlay Reform, SB 1923 (O'Connell) – Camarillo Special Authority, and AB 2812 (Committee on Higher Education) – CSU Management Efficiency have been approved by their house of origin and the second policy committee.

Ms. Yelverton also highlighted two bills of particular note in the agenda. SB 860 (Ducheny) would re-establish Comprehensive Teacher Education Institutes and is associated with \$1 million in the conference committee budget; SB 1472 (Alpert) addresses community college transfer to the California State University and the University of California. Senator Alpert has agreed to drop the bill this session awaiting the work of the faculty senate of each segment.

### Approval of Resolution

The committee recommended adoption of the proposed resolution (RGR 07-98-04).

### Consideration of the Utility Rate Reduction and Reform Act: An Initiative Measure Qualified for the November Ballot

This item was placed on the agenda by Chairman Hauck. Ms. Yelverton presented the item with an overview of the issues in this initiative including the impact that passage of this measure could have on CSU's operating budget in the long term, given the potential changes in utility rates in the state as well as the fiscal obligations that may result. Chairman Hauck followed with comments as to why he felt the board should consider the impact of this initiative.

Several trustees expressed their unease in supporting the initiative at this time and requested more information before they make a final decision.

Trustee Petrossian suggested that in addition to the fiscal implications of the proposal, the board should also consider the moral aspects of the measure as they consider their endorsement or opposition.

Following some discussion, Chairman Hauck and others concurred that they defer action until they can have a further discussion. It was suggested that this item be placed on the Board of Trustees' Retreat Agenda and action be postponed until September. The committee approved the motion.

### **Bonds and Californians for Higher Education (CHE)**

Ms. Yelverton gave a short update on bond status. Senate Bill 50 (Karnette) has been amended to include a \$9.2 billion bond for K-12 and higher education, with \$2.5 billion dedicated to higher education. This measure was approved by the Assembly and is pending further action by the Senate. Despite some anticipated hurdles, Ms. Yelverton said she was reasonably confident that there would be an agreement on a bond by the August 27 deadline for the November ballot.

Ms. Bobbie Metzger reported to the board on the Californians for Higher Education (CHE), the organization that guides the bond campaign activity once it is placed on the ballot. She explained the structure of the organization representing the UC, CSU, and community colleges. Ms. Metzger serves as chair of CHE and represents CSU along with Donald R. Gerth, president, CSU Sacramento. CHE has begun its work with a public relations firm to get editorial boards throughout the state to urge the legislature to act as soon as possible. Dozens of such editorials have resulted and are cited as playing a key role in convincing the Assembly leadership to move on SB 50.

### **Adjournment**

The meeting adjourned at 3:25 p.m.

**BRIEF**

**Action Item**

Agenda Item 1  
September 15-16, 1998

**COMMITTEE ON GOVERNMENTAL RELATIONS**

**1997-98 Legislative Report No. 12**

**Presentation By**

Karen L. Yelverton, Chief Professional Officer  
Governmental Affairs

**Summary**

This item contains a status report on the Trustees' Legislative Program for 1997-98 and priority legislation introduced in 1998.

**Recommended Action**

Adoption of the resolution.

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 September 15-16, 1998

**COMMITTEE ON GOVERNMENTAL RELATIONS**

**1997-98 Legislative Report No. 12**

**Date: 8/20/98**

1. 1997-98 Legislative Program Status Report

BILL	Author-Subject	Introduced	1st Policy Committee	1st Fiscal Committee	Floor Action	2nd Policy Committee	2nd Fiscal Committee	Floor Action	Comments
<b>Education Bond Acts</b>									
AB 40	(Mazzoni) Educational Facilities	X	X	X	X				As of this date (August 26), negotiations appeared to be nearing an end on a final education bond package. The key vehicle is SB 50 (Karnette), which would place a \$9 billion K-University Bond Act on the November 1998 General Election ballot. Of this amount, \$2.5 billion would be dedicated to higher education facilities. SB 50 has been approved by the Assembly and the Senate and is awaiting the governor's signature.
AB 1528	(Cardoza) Higher Education Facilities	X	X	X	X	X			
SB 12	(O'Connell) Educational Facilities	X	X	X	X				
SB 50	(Karnette) K-University Education Bond Act	X	X	X	X	X			
SB 180	(Greene) School Facilities Construction	X	X	X	X				
SB 1975	(Alpert) School Facilities Construction	X	X	X	X				
SB 1849	(Alpert) Capital Outlay: Authority to Utilize Unit Price Contracts/Authority to Permit Alternative Forms of Design Build	X	X	X	X	X	X	X	
SB 1923	(O'Connell) Camarillo Special Authority Education Development District	X	X	X	X	X	X		
AB 2812	CSU Management Efficiency: • Investment of Funds Outside State Treasury • Acquisition of Real Property for State University Use • Special Fund Loans • Code Clean-up Items	X	X	X	X	X	X		

**Policy**— That committee which evaluates policy implications of bills (e.g., Education, Judiciary, Retirement, etc.).

X— Indicates Action Taken

H— Indicates Held in Committee

**Status of Priority Legislation (as of August 20, 1998)**

**AB 860 (Ducheny) Teacher Credentialing**

In conjunction with augmentations included in this year's Budget Act, AB 860 would have codified and expanded the Comprehensive Teacher Education Institutes (CTEI). The bill was held on the suspense file in the Senate Appropriations Committee when it was determined that the funding could proceed without accompanying legislation.

*Status:* Held on the Suspense File, Senate Appropriations Committee, August 19  
(dead for the year)

**AB 1292 (Migden) Academic Achievement Scholarships**

AB 1292 would establish a state framework for the creation and funding of regional partnerships between K-12 schools, institutions of higher education, and others to help ensure the academic success of pupils. These partnerships would be required to support new activities with the goal of better preparing pupils for higher education or meaningful employment. The budget sets aside Proposition 98 funds for this purpose.

*Status:* Approved by the Senate Appropriations Committee, August 19

**AB 1613 (Scott) Personal Income Taxes: Education**

This is one of several tax-credit bills introduced this year to "conform" with the federal lifetime tax credit and HOPE scholarship.

*Status:* Approved by the Senate Appropriations Committee, August 19

**AB 1700 (Richter) Civil Rights**

This bill would have made statutory adjustments in the light of Proposition 209, with no impact on existing CSU programs.

*Status:* Failed Passage in the Assembly Judiciary Committee (dead for the year)

**AB 1966 (Bustamante) Higher Education Partnership Act of 1999**

A reintroduction of AB 1415, this bill deals with long-term higher education financing.

*Status:* Approved by the Senate Appropriations Committee, August 19

**AB 2108 (Kaloogian) Income Taxes: Credits: Schools**

Another tax-credit bill, similar to AB 1613 (see above).

*Status:* Failed Passage in the Assembly Revenue and Taxation Committee (dead for the year)

**AB 2213 (Aguiar) The Valedictorian Scholarship Program**

AB 2213 would have implemented the Valedictorian Scholarship Program, a program modeled on similar programs at CSU campuses.

*Status:* Failed Passage in the Assembly Higher Education Committee (dead for the year)

**AB 2291 (Leach) Remedial Instruction: Academic Warranty Program Act**

This bill would have required school districts that graduate certain proportions of students that later need remedial instruction in postsecondary institutions to develop remedial education reduction plans.

*Status:* Assembly Higher Education Committee. The bill was never heard in this committee because of a rule waiver dispute in the Assembly, and is dead for the year.

**AB 2431 (Firestone) California Virtual University**

This bill, sponsored by the Governor's Office, would have made several Education Code changes to assist in the development of the California Virtual University (CVU). The bill did not advance because of the dispute over rule waivers in the Assembly.

*Status:* Assembly Information Technology Committee (dead for the year)

**AB 2528 (Ducheny) California State Work-Study Program**

AB 2528 would create the Teaching Intern Program within the California Work-Study Program, increasing the number of work-study positions by 1,500 (from the current level of 710) and allowing existing tutor/outreach programs to hire more college students to serve as "teaching interns."

*Status:* Approved by the Senate Appropriations Committee, August 19

**AB 2554 (Murray) Postsecondary Education: Student Transfer**

Assembly Bill 2554 would guarantee every community college student who earns an associate of arts or an associate of science degree in liberal arts, and who meets transfer curriculum and grade point average requirements, a place in the University of California or California State University system, similar to current law.

*Status:* Senate Floor, Third Reading File

**SB 1472 (Alpert) Community College Transfer Students**

This bill would have outlined new transfer requirements for the Intersegmental General Education Transfer Curriculum (IGETC). Specifically, it would have outlined circumstances by which a student who was up to two courses short of completing the IGETC could have transferred to four-year public institutions, and how they could have satisfied those remaining requirements. Senator Alpert has agreed to not pursue the bill any further this year, at the request of the academic senates of the segments. The leadership of the academic senates has pledged to develop processes which will

enable students to complete IGETC after transfer when, due to unusual circumstances, they have one or two courses of the IGETC left to complete.

*Status:* Deferred by Author (dead for the year)

**SB 1484 (Knight) Postsecondary Education**

This bill would have prohibited the University of California and the California State University from using funds appropriated by the Legislature to provide employer-funded benefits, including medical coverage, to persons other than employees, spouses, children, and other legal dependents.

*Status:* Senate Education Committee (dead for the year)

**SB 1729 (Thompson) School Safety**

This bill would require CSU, UC, and California Community Colleges campus law enforcement agencies to enter into a written agreements with local law enforcement agencies relating to the investigation of violent crimes in cases where such assistance is wanted or needed by the campuses.

*Status:* Signed by Governor Wilson; Chapter 284, Statutes of 1998

**SB 1740 (Hayden) Service Learning for Postsecondary Students**

SB 1740 would establish a Statewide Service Learning Center to administer a grant program to develop service learning centers on individual public and independent colleges and universities. It would also prescribe the duties of the Statewide Service Learning Center and appropriate a specified amount to establish a Service Learning Grant Program. The budget sent to the governor included \$500 million to fund this program.

*Status:* Approved by the Assembly Appropriations Committee, August 19

**SB 1752 (Hughes) Disclosure of Grade Point Average Adjustment Factors**

This bill would require the CSU and request the UC to disclose in their catalogues and application materials any grade point average adjustment factors concerning an applicant's undergraduate school that are used in the admissions process for their respective professional schools and graduate programs. During budget negotiations, Supplemental Report Language that is similar to the provisions of this bill was adopted.

*Status:* Governor's Desk

**SB 1786 (Knight) Intercollegiate Athletes: Illegal Drug Use**

SB 1786 would have required the CSU and UC to establish an athletic drug abuse education and prevention program for college athletes participating in intercollegiate competitive sports. The bill would also have mandated specific penalties for athletes testing positive for specified drugs.

*Status:* Failed Passage in the Senate Education Committee (dead for the year)

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**SB 1787 (Peace) High School Counseling: CSU and UC**

This bill would enable the UC and require the CSU to have an academic counselor visit each public California high school at least once during the school year.

*Status:* Held on the Suspense File, Assembly Appropriations Committee (dead for the year)

**SB 1896 (Peace) Public Postsecondary Education: Student Fees**

SB 1896 would require systemwide graduate education and registration fees at CSU and UC for the 1999-2000 fiscal year to be reduced by five percent below the level charged for those resident students for the 1997-98 fiscal year.

*Status:* Approved by the Assembly Appropriations Committee, August 19

**SB 2042 (Alpert) Teacher Credentialing**

This bill makes a variety of changes to the Ryan Act, which governs the qualifications and processes for obtaining a California teaching credential. It is the vehicle for teacher credentialing reform as proposed by the SB 1422 Advisory Committee of the Commission on Teacher Credentialing.

*Status:* Approved by the Assembly Appropriations Committee, August 19

**SB 2064 (Greene) Student Financial Aid: Cal Grant Program**

Senate Bill 2064 is the trailer bill to implement financial aid reforms and investments included in the 1998-99 State Budget. The bill would require that the eligibility criteria for first-time Cal Grant award recipients who are community college students and transfer to a four-year college or university be no more stringent than the eligibility criteria for other first-time Cal Grant award recipients attending a four-year college or university. The bill also codifies the means to calculate the maximum grant level for students attending private colleges and universities. Finally, the bill would create a new category of Cal Grant awards to be known as the "Cal Grant T" award to be used only for tuition and student fees for a maximum of one academic year of the equivalent of full-time attendance in a teacher credentialing program. The bill would require there to be a minimum of 3,000 new Cal Grant T awards each year.

*Status:* Governor's Desk (Budget Trailer Bill)

**SB 2068 (Vasconcellos) Master Plan for Service Learning Program**

This bill would require the California Postsecondary Education Commission, in conjunction with the segments of public higher education, to develop a Master Plan for Service Learning.

*Status:* Assembly Floor, Third Reading File

**SCA 7 (Hughes) University of California: Student Eligibility**

This constitutional amendment would require that students who rank in the upper one-eighth of their graduating high school class at their particular high school, based on educationally sound measures of performance—including grade point average—be eligible for admission to UC, and be entitled to admission, subject to reasonable eligibility requirements. The CSU has been amended out of this measure.

*Status:* Senate Constitutional Amendments Committee

Adoption of the following resolution is recommended:

**RESOLVED**, By the Board of Trustees of The California State University, that the 1997-98 Legislative Report No. 12 is adopted.

**BRIEF**

**Action Item**

Agenda Item 2  
September 15-16, 1998

**COMMITTEE ON GOVERNMENTAL RELATIONS**

**Education Bond Act: Endorsement by Board of Trustees**

**Presentation By**

Karen L. Yelverton, Chief Professional Officer  
Governmental Affairs

**Summary**

From time to time, the Committee on Governmental Relations reviews statewide ballot measures for their implications for the California State University. This item contains a resolution indicating support for an education bond act appearing as Proposition 1A on the November General Election ballot, in the expectation that such a bond will have been approved by the governor by the date of the meeting of the Board of Trustees.

**Recommended Action**

Adoption of the resolution.

**ITEM**

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Agenda Item 2

September 15-16, 1998

**COMMITTEE ON GOVERNMENTAL RELATIONS**

**Education Bond Act: Endorsement by Board of Trustees**

**Recommended Action**

Should the trustees determine they wish to take a position on an education bond act appearing on the November 1998 General Election ballot, the following resolution is recommended:

**RESOLVED**, By the Board of Trustees of The California State University, that the board supports the education bond act that appears on the November 1998 General Election ballot.

**BRIEF**

**Information Item**

Agenda Item 3  
September 15-16, 1998

**COMMITTEE ON GOVERNMENTAL RELATIONS**

**Review of Propositions Appearing on the November 1998 General Election Ballot**

**Presentation By**

Karen L. Yelverton, Chief Professional Officer  
Governmental Affairs

**Summary**

This item summarizes the potential impact of propositions appearing on the November 1998 General Election ballot.

## ITEM

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Agenda Item 3  
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### COMMITTEE ON GOVERNMENTAL RELATIONS

#### Review of Propositions Appearing on the November 1998 General Election Ballot

##### **Proposition 1 – Property Taxes: Contaminated Property. A Legislative Constitutional Amendment, Placed on the Ballot by the Legislature**

*Summary:* This proposition would amend Article XIII-A of the Constitution, added by Proposition 13, to allow repair or replacement of environmentally contaminated property or structures without increasing the tax valuation of original or replacement property.

*Fiscal Impact:* Property tax revenue losses of less than \$1 million annually in the near term to schools, counties, cities, and special districts. School revenue losses would be made up by the state.

*Analysis:* Approval of Proposition 1 would mean that in certain cases of environmental contamination, a property owner could transfer the current assessed value to a replacement property, resulting in lower property tax payments.

*Support/Opposition:* There does not appear to be organized support or opposition to Proposition 1. The ballot argument in favor was signed by Assembly Member Curt Pringle; no argument in opposition was submitted to the secretary of state.

##### **Proposition 2 – Transportation: Funding. A Legislative Constitutional Amendment, Placed on the Ballot by the Legislature**

*Summary:* This proposition would impose repayment conditions on loans of transportation revenues to the General Fund and local entities. It would designate local transportation funds as trust funds and requires a transportation purpose for their use.

*Fiscal Impact:* Not likely to have any fiscal impact on state and local governments.

*Analysis:* If Proposition 2 is approved, additional restrictions would be placed on loans of state transportation funds to the state General Fund. In addition, local transportation funds from the one-quarter cent of county sales tax could not be diverted from specified transportation purposes to other general purposes.

*Support/Opposition:* Supporters include the California Taxpayers Association, the California Chamber of Commerce, the League of California Cities, and the California State Association of Counties. There is no organized opposition to Proposition 2, and no argument against it was submitted to the secretary of state.

##### **Proposition 3 – Partisan Presidential Primary Elections. A Legislative Initiative Amendment, Placed on the Ballot by the Legislature**

*Summary:* Proposition 3 would change the existing open primary law to require a closed, partisan primary for purposes of selecting delegates to national political party presidential nominating conventions. It would limit voting for such delegates to voters registered by political party.

*Fiscal Impact:* Minor costs to state and county governments statewide.

*Analysis:* If Proposition 3 is approved, a voter would be permitted to vote only for the delegates to a presidential nominating convention of a political party with which the voter is affiliated.

*Support/Opposition:* Identified supporters include Senate President Pro Tempore John Burton, Assembly Speaker Antonio Villaraigosa, Senate Republican Leader Ross Johnson, and Assembly Republican Leader Bill Leonard. The ballot argument against the proposition was signed by Assembly Member Jack Scott.

**Proposition 4 – Trapping Practices. Bans Use of Specified Traps and Animal Poisons. An Initiative Statute Placed on the Ballot by Petition Signatures**

*Summary:* Proposition 4 would prohibit trapping fur-bearing or non-game mammals with specified traps, generally prohibiting steel-jawed leghold traps on mammals. The use of specified poisons on animals would also be banned.

*Fiscal Impact:* Unknown state and local costs of several hundred thousand to in the range of a couple of million dollars annually, depending on the workload and effectiveness of alternative trapping methods.

*Analysis:* If Proposition 4 is approved, commercial and recreational trappers could no longer use body-gripping traps to trap any fur-bearing or non-game mammal. The use of sodium fluoracetate and sodium cyanide to poison animals would be prohibited.

*Support/Opposition:* Supporters include the American Society for the Prevention of Cruelty to Animals, the Humane Society of the United States, and the Animal Protection Institute. Opponents include the California Farm Bureau Federation, the California Cattleman's Association, and the Agricultural Council of California.

**Proposition 5 – Tribal-State Gaming Compacts. Tribal Casinos. An Initiative Statute Placed on the Ballot by Petition Signatures**

*Summary:* Proposition 5 would specify the terms and conditions of a mandatory compact between the state and Indian tribes for gambling on tribal land. It would allow slot machines and banked card games at tribal casinos.

*Fiscal Impact:* Uncertain impact on state and local revenues, depending on the growth in gambling on Indian lands in California. The effect could range from little impact to significant annual revenue increases.

*Analysis:* If approved, the state would be required to enter into a specific agreement with Indian tribes who wish to conduct certain gambling activities on Indian lands in California. If defeated, the state could still negotiate with individual Indian tribes on the extent of gambling allowed on Indian lands in California.

*Support/Opposition:* Proposition 5 has garnered extensive support and opposition. Supporters include the American Indian Resources Institute and the California Congress of Republicans. Opponents include the United Farm Workers of American and the Planning and Conservation League.

**Proposition 6 – Criminal Law. Prohibition on Slaughter of Horses and Sale of Horsemeat for Human Consumption. An Initiative Statute Placed on the Ballot by Petition Signatures**

*Summary:* Proposition 6 would make the possession, transfer, or receipt of horses for slaughter for human consumption a felony, and make the sale of horsemeat for human consumption a misdemeanor.

*Fiscal Impact:* Probably minor, if any, law enforcement and incarceration costs.

*Analysis:* Approval of Proposition 6 would make the slaughter of horses for human consumption and the sale of horsemeat for human consumption illegal in California. In addition, horses could not be sent out of California for slaughter in other states or countries for human consumption.

*Support/Opposition:* Supporters include the California State Horsemens Association and the Del Mar, Golden Gate Fields, and Hollywood Park race tracks. The initiative is opposed by the Libertarian Party.

**Proposition 7 – Air Quality Improvement. Tax Credits. An Initiative Statute Placed on the Ballot by Petition Signatures**

*Summary:* Proposition 7 would authorize \$218 million in state tax credits annually, until January 2011, to encourage air-emissions reductions through the acquisition, conversion, and retrofitting of vehicles and equipment.

*Fiscal Impact:* Annual state revenue loss averaging tens of millions to over a hundred million dollars, to beyond 2010. An annual state cost of about \$4.7 million through 2010-11.

*Analysis:* If Proposition 7 is approved, the state Air Resources Board would administer a new tax credit program through 2010 for various categories of projects that reduce emissions of pollutants into the air.

*Support/Opposition:* Supporters include the California Council for Environmental and Economic Balance and the Latino Issues Forum. Opponents include the California Association of Professional Scientists and the California Tax Reform Association.

**Proposition 8 – Public Schools. Permanent Class Size Reduction. Parent Teacher Councils. Teacher Credentialing. Chief Inspector’s Office. An Initiative Statute Placed on the Ballot by Petition Signatures**

*Summary:* Proposition 8 would provide permanent class size reduction funding for districts establishing parent-teacher councils. It would require testing for teacher credentialing.

*Fiscal Impact:* Creates up to \$60 million in new state programs, offset in part by existing funds and fees. Local school districts’ costs would potentially be in the high tens of millions of dollars annually.

*Analysis:* Proposition 8 would (1) create a state Office of the Chief Inspector of Public Schools; (2) increase the responsibilities of school site councils and principals; (3) alter the qualifications that must be met by teachers in California; and (4) prevent the state from reducing funding for the existing kindergarten through grade three class size reduction program.

*Support/Opposition:* Supporters include Governor Pete Wilson and Secretary of Child Development and Education Marian Bergeson. Opponents include the California School Boards Association and the California Teachers Association.

**Proposition 9 – Electric Utilities. Assessments. Bonds. An Initiative Statute Placed on the Ballot by Petition Signatures**

*Summary:* Proposition 9 would prohibit the assessment of taxes, bonds, and surcharges to pay the costs of nuclear power plants; limit the recovery by electric companies for costs on non-nuclear power plants; and prohibit the issuance of rate reduction bonds.

*Fiscal Impact:* State government net revenue reductions potentially in the high tens of millions of dollars annually through 2001-02. Local government net revenue reductions potentially in the tens of millions of dollars annually through 2001-02.

*Analysis:* If approved, Proposition 9 would result in significant changes to recently enacted laws restructuring the state's electricity industry. Specifically, private utility companies could not charge customers for certain costs related to nuclear power plants nor charge residential and small commercial customers for repaying bonds sold to help finance an existing 10 percent rate reduction. The measure also requires an additional rate reduction of at least 10 percent.

*Support/Opposition:* Proposition 9 is supported by The Utility Reform Network and the League of Women Voters. Opponents include the California School Boards Association, the Association of California School Administrators, and the California Taxpayers Association.

**Proposition 10 – State and County Early Childhood Development Programs. Additional Tobacco Surtax. An Initiative Constitutional Amendment and Statute Placed on The Ballot by Petition Signatures**

*Summary:* Proposition 10 would create state and county commissions to establish early childhood development and smoking prevention programs, and impose additional taxes on cigarettes and tobacco products.

*Fiscal Impact:* New revenues and expenditures of \$400 million in 1998-99 and \$750 million annually. Reduced revenues for Proposition 99 health care and resource programs of \$18 million in 1998-99 and \$7 million annually.

*Analysis:* Approval of Proposition 10 would result in an increase in excise taxes on cigarettes of 50 cents per pack and on other tobacco products by the equivalent of \$1 per pack. The increased revenues would primarily fund early childhood development programs administered by a new state commission and county commissions.

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*Support/Opposition:* Supporters of Proposition 10 include the American Cancer Society, the American Heart Association, and the California School Boards Association. Opponents include the Committee Against Unfair Taxes.