



in 1992-93 and \$200 million annually thereafter.

• **Proposition 158** would have replaced LAO with the Office of the California Analyst and established the office in the state Constitution. Spending for the office would have been removed from the ambit of the legislature for the purposes of Proposition 140, which imposed a 38% budget cut on the legislature in 1990; in the wake of Proposition 140, legislators cut LAO's budget by 55% in order to comply with the spending limits. Proposition 158 was defeated by the voters, thus requiring the legislature to continue financing LAO from its own operating budget. The legislature appropriated funding to preserve LAO until June 30, but cut off similar funding for the Office of the Auditor General, resulting in the closure of that entity (*see supra* agency report on OAG).

## ■ LITIGATION

Two recent legal developments may restrict the way in which the Wilson administration handles the budget shortfall predicted for the summer of 1993. First, a federal district court struck down the administration's issuance of registered warrants, or "IOUs," to state employees during the two-month period in 1992 in which the state had no budget, due to the failure of the legislature and Governor to agree on one. In *Parr, et al. v. State of California*, No. CIV-S-92-1115 (Nov. 30, 1992), U.S. District Judge Garland E. Burrell, Jr. ruled that the state's issuance of IOUs violated the federal Fair Labor Standards Act (FLSA), which has been implemented to require employers (including states) to pay employees (1) in cash or its equivalent, and (2) promptly. The registered warrants issued by the state were not payable on demand (as are regular warrants), and not all financial institutions accepted them. The court rejected the state's argument that compelled adherence to the FLSA would violate the tenth amendment, which precludes excessive federal government intrusion with government by states *qua* states, noting that Congress' intent in enacting the FLSA under the commerce clause was "to achieve a uniform national policy of guaranteeing compensation for all work or employment engaged in by employees covered by the Act." In its ruling, the court also observed that California has failed to enact a state budget on time in seven of the last ten years.

Next, the administration backtracked on the 5% pay cut it ordered in 1991 for state government supervisors and managers. On November 23, Governor Wilson announced that he would restore the pay

cuts, which will cost the state between \$9-\$17 million this year. Officials reportedly decided to reverse the pay cut because Wilson was thwarted in his attempt to reduce the salary of all state employees by 5%; labor unions, the state legislature, and the courts all rejected the administration's proposed pay cut for rank and file employees. [12:1 CRLR 37] Thus, Wilson reversed the 5% salary reduction for supervisors and managers so that they would not be the only state employee categories made to bear the brunt of the state's fiscal crisis.

## 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 September 26-December 31, 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 con-

sulting services. Resulting reports are not always released to the public.

## ■ MAJOR PROJECTS

**Legislative Accomplishments of 1992** (December 1992) highlights some of the more significant legislation enacted during 1992. According to SOR, key issues in the 1992 legislative session involved civil rights, jobs development, California's business climate, and consumer protection. New crimes created to reflect the changing times include sending faxes to people who declare they do not want them; blocking the passage of a person trying to enter a health facility or place of worship; recording conversations overheard on cellular phones; and brandishing laser scopes with intent to cause fear of harm.

Other new laws make it more difficult for divorced parents to evade child support orders; permit the suspension of students who sexually harass others; and strengthen and broaden prohibitions on discrimination against protected groups, including gays and the disabled. The death penalty will be carried out by lethal injection rather than by lethal gas; judges and the Board of Prison Terms will be asked to consider battered women's syndrome as a mitigating factor in setting sentences or recommending a gubernatorial pardon; fees for transactions at automated teller machines must be disclosed up front to consumers; bereaved Californians have new rights in making price comparisons at different mortuaries; and car dealers must disclose the number of vehicles available at an advertised price.

SOR also noted that many significant bills that reached Governor Wilson's desk were not signed. Vetoed bills would have improved enforcement of labor laws in California's agricultural fields; taken a comprehensive approach to addressing the costs of health care and auto insurance; created a constitutional revision commission to recommend changes in the budgeting process; and prohibited secret lawsuit settlements that conceal evidence of dangerous product defects. [12:4 CRLR 14]

