

CALIFORNIA LEGISLATURE
2009–10 REGULAR SESSION

ASSEMBLY DAILY JOURNAL

Wednesday, January 6, 2010

ONE HUNDRED THIRTY-SECOND SESSION DAY

FOUR HUNDRED SECOND CALENDAR DAY

AT SACRAMENTO, CALIFORNIA



NOTE: Official record of roll call votes; all amendments considered by the Assembly on this day are on file with the Chief Clerk of the Assembly and available on request. A list of all measures amended and on which amendments were offered is shown on the final page of this day's Assembly Journal.

PROCEEDINGS OF THE ASSEMBLY

IN ASSEMBLY

Assembly Chamber, Sacramento
Wednesday, January 6, 2010

The Assembly met at 9:30 a.m.
Hon. Isadore Hall III, Assistant Speaker pro Tempore of the Assembly, presiding.
Chief Clerk E. Dotson Wilson at the Desk.
Assistant Clerk Timothy Morland reading.

ROLL CALL

The roll was called.

Quorum Call of the Assembly

Assembly Member Cook moved a quorum call of the Assembly.
Motion carried. Time, 9:44 a.m.
The Assistant Speaker pro Tempore directed the Sergeant at Arms to close the doors, and to bring in the absent Members.

At 9:54 a.m., Speaker Karen Bass, 47th District, presiding

Quorum Present

At 9:57 a.m., Speaker Bass declared a quorum of the Assembly present.

The roll call was completed, and the following answered to their names—72:

Adams	Coto	Harkey	Nielsen
Ammiano	Davis	Hayashi	Pérez, John
Anderson	De La Torre	Hernandez	Pérez, V. Manuel
Arambula	De León	Hill	Portantino
Beall	DeVore	Huber	Ruskin
Berryhill, Bill	Emmerson	Huffman	Salas
Berryhill, Tom	Eng	Jeffries	Silva
Blakeslee	Evans	Knight	Skinner
Block	Feuer	Lieu	Smyth
Blumenfield	Fong	Logue	Solorio
Bradford	Fuentes	Lowenthal	Strickland
Brownley	Fuller	Ma	Swanson
Buchanan	Furutani	Mendoza	Torlakson
Caballero	Galgiani	Miller	Torres
Calderon	Garrick	Monning	Torrico
Chesbro	Gilmore	Nava	Tran
Conway	Hagman	Nestande	Yamada
Cook	Hall	Niello	Mme. Speaker

PRAYER

Upon invitation of Assistant Speaker pro Tempore Hall, the following prayer was offered by Assembly Alternate Chaplain Pastor Ivan L. Williams, Sr.:

O God of Glory, God of Light, Shine down Your wisdom through the fog of life, and give us today clarity of purpose and a vision of hope so that what is done in these halls will give a sure foundation of responsibility.

O God, we need Your help in a real way to show us how to live as faithful stewards of Your bountiful treasures. Bless these legislators to be faithful to their calling and faithful to the people of California whom they serve. We count on You for all these things in Thy name we pray.—AMEN.

PLEDGE OF ALLEGIANCE TO THE FLAG

Upon request of Speaker Bass, Assembly Member Conway then led the Assembly in the pledge of allegiance to the Flag.

MOTION TO DISPENSE WITH READING OF THE JOURNAL

Further reading of the Journal of the previous legislative day was dispensed with on motion of Assembly Member Torrico, seconded by Assembly Member Blakeslee.

LEAVES OF ABSENCE FOR THE DAY

By unanimous consent, the following Assembly Members were granted leaves of absence for the day:

On legislative business: Assembly Member Gaines.

On personal business, and waiving per diem: Assembly Members Jones and Villines.

Because of deaths in their families: Assembly Members Fletcher and Saldaña.

Because of illness: Assembly Member Carter.

EXPLANATIONS OF ABSENCE

Pursuant to the Assembly Rules, the following explanation of absence was ordered printed in the Journal:

January 6, 2010

*The Honorable Karen Bass
Speaker of the Assembly
State Capitol, Room 219
Sacramento, California*

Dear Speaker Bass: I respectfully request to be excused from Session today, January 6, 2010, due to legislative business in my district.

Thank you for your consideration of this request.

Sincerely,

TED GAINES, Assembly Member
Fourth District

SPECIAL COMMITTEE MEETINGS

By unanimous consent, the following committees were permitted to meet:

Judiciary, Thursday, January 14, 2010, at 9 a.m.

ENGROSSMENT AND ENROLLMENT REPORTS

Assembly Chamber, January 6, 2010

Mme. Speaker: Pursuant to your instructions, the Chief Clerk has examined:

Assembly Bill No. 391

Assembly Bill No. 1155

Assembly Bill No. 419

Assembly Bill No. 1244

Assembly Bill No. 516

Assembly Bill No. 1468

Assembly Bill No. 740

Assembly Bill No. 1589

Assembly Bill No. 917

And reports the same correctly engrossed.

E. DOTSON WILSON, Chief Clerk

Above bills re-referred to committee.

REQUEST FOR PHOTOGRAPHER

Speaker Bass was granted unanimous consent that photographers be permitted in the Gallery and on the Floor of the Assembly.

REPORTS

The following reports were presented by the Chief Clerk:

**California's Caregiver Resource Center System
(Pursuant to Welfare and Institutions Code Section 4365.5)**

Above transmitted report, together with letter of transmittal from Stephen W. Mayberg, Ph.D., Director, Department of Mental Health, dated December 17, 2009, referred by the Speaker to the Committee on Human Services.

**Review of the Systems of Internal Control
Biennial Period Ending December 31, 2009
(Pursuant to Government Code Sections 13400 through 13407)**

Above transmitted report, together with letter of transmittal from Leslie Lopez, Deputy Secretary, General Counsel, State and Consumer Services Agency, dated December 31, 2009, referred by the Speaker to the Committee on Business and Professions.

**Female Dominated Classifications Report
(Pursuant to Government Code Section 19827.5(b))**

Above transmitted report, together with letter of transmittal from Debbie Endsley, Director, Department of Personnel Administration, dated December 1, 2009, stating availability of report at <http://www.dpa.ca.gov/salaries/surveys/2008/female-dominated-classifications/main.htm>, referred by the Speaker to the Committee on Labor and Employment.

**Updated Statistical Supplement to
the California Housing Finance Agency's 2008-09 Annual Report
(Pursuant to Health and Safety Code Section 51005)**

Above transmitted report, together with letter of transmittal from Ken Giebel, Director of Marketing, California Housing Finance Agency, dated December 3, 2009, referred by the Speaker to the Committee on Housing and Community Development.

**2009 OAL Determination No. 27
(Pursuant to Government Code Section 11340.5)**

Above transmitted report, together with letter of transmittal from Susan Lapsley, Director, Office of Administrative Law, dated November 23, 2009, referred by the Speaker to the Committee on Public Safety.

**2009 OAL Determination No. 28(S)
(Pursuant to Government Code Section 11340.5)**

Above transmitted report, together with letter of transmittal from Susan Lapsley, Director, Office of Administrative Law, dated November 30, 2009, referred by the Speaker to the Committee on Public Safety.

**2009 OAL Determination No. 29(S) (CTU2009-1102-01)
(Pursuant to Government Code Section 11340.5)**

Above transmitted report, together with letter of transmittal from Susan Lapsley, Director, Office of Administrative Law, dated December 1, 2009, referred by the Speaker to the Committee on Public Safety.

**Expenditures and Commitments for Capital Outlay Projects
Quarterly Report, First Quarter, 2009
(Pursuant to Item 3860-001-0001
Supplemental Report to the Budget Act of 2007)**

Above transmitted report, together with letter of transmittal from Lester A. Snow, Director, Department of Water Resources, dated December 10, 2009, referred by the Speaker to the Committee on Budget.

**Consequences of Data Sharing Agreements on the Volume of
High-Hazard Pesticides Sold in California
(Pursuant to Food and Agriculture Code Section 12836.6)**

Above transmitted report, together with letter of transmittal from Mary-Ann Warmerdam, Director, Department of Pesticide Regulation, dated December 7, 2009, referred by the Speaker to the Committee on Environmental Safety and Toxic Materials.

**Reading, Writing, and Mathematics Proficiency
of all First Time Freshman
(Pursuant to Supplemental Report to the Budget Act of 2001)**

Above transmitted report, together with letter of transmittal from Benjamin F. Quillian, Executive Vice Chancellor and Chief Financial Officer, California State University, dated December 14, 2009, referred by the Speaker to the Committee on Higher Education.

**Special Funds Expenditures, Annual Report, FY 2008-09
(Pursuant to Government Code Section 77209)**

Above transmitted report, together with letter of transmittal from William C. Vickrey, Administrative Director of the Courts, Judicial Council of California, dated December 7, 2009, referred by the Speaker to the Committee on Judiciary.

**Investment Report
(Pursuant to Chapter 442, Statutes of 2006
Chapter 671, Statutes of 2007
Chapter 341, Statutes of 1999 and Chapter 216, Statutes of 1999)**

Above transmitted report, together with letter of transmittal from Jack Ehnes, Chief Executive Officer, California State Teachers' Retirement System, dated January 4, 2010, referred by the Speaker to the Committee on Public Employees, Retirement and Social Security.

**Annual Report of the State Bar of California
(Pursuant to Chapter 357, Statutes of 2006)**

Above transmitted report, together with letter of transmittal from Anthony Williams, Director, Office of Governmental Affairs, State Bar of California, dated December 31, 2009, referred by the Speaker to the Committee on Judiciary.

**Utilization of Classrooms and Teaching Laboratories
(Pursuant to Education Code Section 67503(a))**

Above transmitted report, together with letter of transmittal from Patrick J. Lenz, Vice President for Budget, University of California, dated November 1, 2009, referred by the Speaker to the Committee on Higher Education.

**Complaints Alleging Violations of
Business and Professions Code Sections 6175–6176
Regarding Requirements for
the Sale of Financial Products by Attorneys to Clients in 2009
(Pursuant to Business and Professions Code Section 6177)**

Above transmitted report, together with letter of transmittal from Anthony Williams, Director, Office of Governmental Affairs, State Bar of California, dated December 30, 2009, referred by the Speaker to the Committee on Judiciary.

**Student Voter Registration Efforts
Carried Out Over the Past Calendar Year
(Pursuant to Elections Code Section 2146 (d))**

Above transmitted report, together with letter of transmittal from Debra Bowen, Secretary of State, dated December 31, 2009, referred by the Speaker to the Committee on Elections and Redistricting.

**Investment Holdings
in Companies with Business Operations in Sudan
(Pursuant to Chapter 442, Statutes of 2006)**

Above transmitted report, together with letter of transmittal from Danny Brown, Acting Chief, California Public Employees' Retirement System, dated December 31, 2009, referred by the Speaker to the Committee on Public Employees, Retirement and Social Security.

**Investment Holdings
in Companies with Business Operations in Iran
(Pursuant to Chapter 671, Statutes of 2007)**

Above transmitted report, together with letter of transmittal from Danny Brown, Acting Chief, California Public Employees' Retirement System, dated December 31, 2009, referred by the Speaker to the Committee on Public Employees, Retirement and Social Security.

**State Medicaid Fraud Control Unit Quarterly Statistical Report
for the Quarter Ending September 30, 2009
(Pursuant to Item 0820-001-0001, Provision 1, Budget Act of 2009)**

Above transmitted report, together with letter of transmittal from Sue Johnsrud, Director, Division of Administrative Support, Department of Justice, dated December 30, 2009, referred by the Speaker to the Committee on Public Safety.

**Financial Integrity and State Manager's Accountability Report
(Pursuant to Financial Integrity
and State Manager's Accountability (FISMA) Act of 1983)**

Above transmitted report, together with letter of transmittal from Pam Harris, Chief Deputy Director, Employment Development Department, dated December 30, 2009, referred by the Speaker to the Committee on Labor and Employment.

**Mid-Year Budget Proposals, FY 2009–10
(Pursuant to Budget Act of 2009)**

Above transmitted report, together with letter of transmittal from Anne Stausboll, Chief Executive Officer, California Public Employees' Retirement System, dated December 14, 2009, referred by the Speaker to the Committee on Budget.

**Prescription Drugs: Labeling Requirements
(Pursuant to Chapter 470, Statutes of 2007)**

Above transmitted report, together with letter of transmittal from Virginia Herold, Executive Officer, California State Board of Pharmacy, dated December 21, 2009, referred by the Speaker to the Committee on Health.

**Organized Crime in California 2007–08
(Pursuant to Government Code Section 15028)**

Above transmitted report, together with letter of transmittal from Sue Johnsrud, Director, Division of Administrative Support, Department of Justice, dated December 10, 2009, referred by the Speaker to the Committee on Public Safety.

**Annual Railroad Safety Activity Report
(Pursuant to Public Utilities Code Sections 309.7 and 765.6)**

Above transmitted report, together with letter of transmittal from Paul Clanon, Executive Director, Public Utilities Commission, dated December 14, 2009, referred by the Speaker to the Committee on Utilities and Commerce.

**Financial Statements for the Three Months Ended September 30, 2009
Prepared from Books without Audit
(Pursuant to Government Code Section 8880.22)**

Above transmitted report, together with letter of transmittal from Joan M. Borucki, Director, California State Lottery, dated December 21, 2009, referred by the Speaker to the Committee on Governmental Organization.

**Crisis Intervention for Persons with Developmental Disabilities
(Pursuant to Welfare and Institutions Code
Section 4696(f) (1) (2) (3))**

Above transmitted report, together with letter of transmittal from Terri Delgadillo, Director, Department of Developmental Services, dated December 23, 2009, referred by the Speaker to the Committee on Human Services.

**Emergency Medical Services Fund (EMS)
(Pursuant to Health and Safety Code Section 1797.98a) from:**

Ventura County, Judith C. Collige, Accounting Officer, dated December 17, 2009.

Referred by the Speaker to the Committee on Health.

RECESS

By unanimous consent, at 10:03 a.m., Speaker Bass declared the Regular Session of the Assembly recessed.

IN JOINT CONVENTION

At 10:03 a.m., the Senate and Assembly met in Joint Convention. Hon. Karen Bass, Speaker of the Assembly, presiding.

APPOINTMENT OF JOINT COMMITTEE ON ESCORT

Speaker Bass appointed Assembly Members Blakeslee, Bradford, Caballero, Emmerson, Garrick, and Solorio and Senators Aanestad, Dutton, Florez, Hollingsworth, Negrete McLeod, and Oropeza as a Joint Committee on Escort to escort Governor Arnold Schwarzenegger to the Joint Convention.

INTRODUCTION OF FIRST LADY OF CALIFORNIA

Speaker Bass introduced Maria Shriver, First Lady of California, to the Joint Convention.

**INTRODUCTION OF CONSTITUTIONAL OFFICERS
AND SPECIAL GUESTS**

Speaker Bass introduced Hon. Jerry Brown, Attorney General; Hon. Debra Bowen, Secretary of State; Hon. Bill Lockyer, Treasurer; Hon. John Chiang, Controller; Hon. Jack O'Connell, Superintendent of Public Instruction; Hon. Steve Poizner, Insurance Commissioner; and Board of Equalization Members: Hon. Betty Yee (District 1); Hon. Bill Leonard (District 2); Hon. Michelle Steel (District 3); and Hon. Jerome Horton (District 4).

PRESENTATION OF PRESIDENT PRO TEMPORE OF THE SENATE

Speaker Bass then presented the Honorable Darrell Steinberg, President pro Tempore of the Senate.

PRESENTATION OF GOVERNOR

President pro Tempore Steinberg then presented the Honorable Arnold Schwarzenegger, Governor of the State of California to the Joint Convention.

ADDRESS BY THE GOVERNOR

Governor Schwarzenegger then addressed the Joint Convention.

ADJOURNMENT OF JOINT CONVENTION

At 10:36 a.m., there being no further business, Speaker Bass declared the Joint Convention adjourned *sine die*.

IN ASSEMBLY

At 10:36 a.m., the Assembly reconvened.

Hon. Karen Bass, Speaker of the Assembly, presiding.

GOVERNOR'S ADDRESS PRINTED IN THE JOURNAL

Without objection, the following text of Governor Arnold Schwarzenegger's State of the State Address was printed in the Journal.

Governor Arnold Schwarzenegger
2010 State of the State Address
January 6, 2010

Thank you Senate President Pro Tem Steinberg, Speaker Bass, Senator Hollingsworth, Assemblyman Blakeslee, Attorney General Brown, Treasurer Lockyer, Secretary of State Bowen, Controller Chiang, Insurance Commissioner Poizner, Superintendent of Public Instruction O'Connell, Members of the Board of Equalization, all my cabinet secretaries, my Chief of Staff Susan Kennedy, and members of the legislature. . . . It's good to see everyone together again.

Guests in Gallery: Maria Shriver, Secretary George Shultz and his wife, Charlotte, Mayor Willie Brown, Alice Huffman, President of the California NAACP, Speaker Hertzberg, Community College Chancellor Jack Scott, and a very special guest Sara Granda, who overcame great obstacles to pass her Bar Exam and become an attorney.

I want to begin with a true story from which we can draw a worthwhile lesson.

As you might guess, the Schwarzenegger household is something of a menagerie.

An Austrian bodybuilder, a TV journalist, four children, a dog, the normal goldfish and hamsters and so forth—and in recent years we added a miniature pony and a pot-bellied pig.

It's not unusual for me to look up from working on the budget or something to find a pig and a pony standing there staring at me.

Now, the dog's food, which we keep in a canister with a screw-on lid, sits on the top of the dog's kennel.

The pony has learned to knock the canister off the top of the kennel . . . and then he and the pig wedge it into the corner.

There's this ridge on the lid of the canister . . . and the pig with his snout pushes this ridge around and around until it loosens . . . and then they roll the canister around on the floor until the food spills out.

I don't know how they ever figured all of that out.

It's like humans figuring out how to create fire.

But it is *the greatest example* of teamwork. I love it.

So one lesson to draw from the pig and the pony story is what we can accomplish when we work together.

And last year we here in this room did some great things working together.

We had a pig and pony year.

Now before some reporter writes that I compared the Legislature to a pig or a pony, that is not the message at all.

Together, as a team—as fractious, tentative and uncertain as it might have been—together, we got California through the front end of the worst financial crisis since the Great Depression.

Although not without pain, we closed a budget gap of 60 billion dollars!

These decisions were very hard for both sides of the aisle.

On the Republican side, we had leaders who sacrificed their careers or put them at risk.

On the Democratic side, we had legislators who were threatened by their own interest groups.

To those on both sides of the aisle who took these risks for the good of the state, you have my deepest admiration.

We did what we had to do.

We made painful spending cuts. We passed temporary tax increases. We permanently eliminated COLAs for most state programs.

We made major reforms in welfare and parole.

And there are two accomplishments in particular I want to recognize.

Just last night the Assembly passed major educational reform, reform that once seemed impossible, but now will become law as soon as it hits my desk.

For too many years, too many children were trapped in low-performing schools.

The exit doors may as well have been chained.

Now, for the first time, parents—without the principal’s permission—have the right to free their children from these destructive schools.

That is a great freedom.

Also in the past, parents had no power to bring about change in their children’s schools.

But that will now change.

Parents will now have the means to get rid of incompetent principals and take other necessary steps to improve their children’s education.

To increase accountability, we broke down the firewall so that teacher performance can be linked to student performance.

Another major accomplishment: For decades this state was in a literal war over water . . . with old and deep divisions: Northern California versus Southern California, Democrat versus Republican, farmer versus environmentalist, business versus labor.

We here in this room made history with the most comprehensive water package in nearly half a century.

Working together, we got it done.

And now we must work to pass the 11 billion dollars in water bonds that will be on the ballot in November.

Some people say . . . how can we afford these bonds in the current economic climate?

I say, how can we not?

It is the law that you cannot build a school; you cannot build a factory; you cannot build an office building or a housing development without identifying a source of water.

As a result, huge projects with thousands of jobs have been put on hold.

Our economy cannot grow without water. Our population cannot live without water. It is our state's lifeblood.

Now is *exactly* the time to invest in it, so that when Californians turn on the faucet, there is safe, reliable and clean water coming out the tap—not just five years from now but 30, 40 or 50 years.

Now . . . the coming year.

If I had to summarize in one word our focus for the coming year, it would be the word "priorities."

We have to get them straight and we have to keep them straight.

The first priority for the coming year is the economy and jobs.

The people and businesses of California are an engine of self-betterment and progress.

As long as government keeps the engine oiled with prudent policies—and more importantly—does not pour sand in its gears, this state will persevere and prosper.

I will come to the main thing we can do to help the economy in a moment, but there are four proposals to spur job growth that I will introduce.

First, you will receive a \$500 million jobs package that we estimate could train up to 140,000 workers and help create 100,000 jobs.

Second, you will receive a measure to streamline the permitting of construction projects that already have a completed environmental report.

Third, to stimulate other construction jobs, you will receive a proposal for homebuyer tax credits of up to \$10,000 for the purchase of new or existing homes.

And fourth, since we want California to be the dynamo of green technology, I ask you to pass our proposal exempting the purchase of green tech manufacturing equipment from the sales tax.

That, too, means jobs—jobs for the new economy.

While we still have a long way to go, the worst is over for California's economy.

And the really good thing is that we have the right economic mix going forward—high tech, green tech, bio-tech, Hollywood-tech, farmer-tech and so forth.

Our economy is well-positioned to take advantage of the future.

So let me tell you the main thing that we here in this chamber can do to help the economy and jobs. We can be a better partner to the economy. To strengthen the economy, which is the foundation of all jobs, we here in this chamber must reform California's budget and tax system. That would be a huge stimulus.

The basic problem is that our tax system does not reflect our economy.

In 2009, California's economic growth declined 2.8% . . . but our tax revenues were down *more than 8 times* that much.

Our economy is diverse, whereas our tax system is not.

144,000 taxpayers pay almost 50 percent of all personal income taxes.

Think about it. 38 million Californians have to rely on 144,000 people for their schools, their fire protection, their health care, their public safety and many other services.

That makes no sense.

Here is what we need to accept: our economy is 21st Century, but our tax system is 20th Century.

It's stuck in the wrong century.

The Tax Reform Commission did its work and came up with a plan for reform that was praised by both Willie Brown *and* the *Wall Street Journal*.

How often does that happen?

The Commission proposed major, radical reforms.

Some people say they are too bold and thus they would be too hard to enact.

What do they mean too bold?

Bold is what we do in California.

What do they mean too hard? If I had hesitated to attempt something because it was too hard, I'd still be yodeling in Austria.

We must begin work on these tax reforms because we simply cannot wait for the rich to bounce back.

State revenues are not expected to return to where they were until 2013 to 2014.

I sent you the Tax Reform Commission's plan in late September, but it seems to have disappeared somewhere under this dome.

Where is it? Maybe the pig and the pony have taken it.

But I am looking forward to working with the Legislature to get this done.

Budget reform is just as important.

The budget crisis is our Katrina. We knew it was coming. We've known it for years. And yet Sacramento would not reinforce the economic levees.

In addition to taking action on the Commission's plan, I ask you to also take action on the Best Practices Budget Accountability Act, which has been drafted by the reform group, California Forward.

I especially support its proposals for performance-based budgeting and applying one-time spikes in revenues to one-time uses, such as debt reduction, infrastructure and the rainy day fund.

The leaders of this body have said that the Legislature should be given a chance to enact reforms before reforms go directly to the people.

Here is that chance. I urge you to take it.

And as we struggle to overcome our differences, what I ask you to remember is that the current tax and budget system is cruel.

It is cruel because it is forcing us to make a Sophie's choice among our obligations.

Which child do we cut? The poor one? The sick one? The un-educated one? The one with special needs?

That is cruel.

We overcame the divisions on water. We can do it on the tax system and budget systems. I will address our immediate budget situation more fully in a few days, but let me give you an overview.

We face a \$19.9 billion deficit—\$6.6 billion for the rest of this budget year and \$13.3 billion for the upcoming budget year.

Big picture, let me tell you what will be required.

First, as bitter as the words are in my mouth, we face additional cuts. We know what that means.

We know the pain it entails.

What can we say at this point except the truth? That we have no choice.

But I am drawing this line. Because our future economic well-being is so dependent upon education, I will protect education funding in this budget.

And we can no longer afford to cut *higher* education either.

The priorities have become out of whack over the years.

Thirty years ago 10 percent of the general fund went to higher education and 3 percent went to prisons.

Today almost 11 percent goes to prisons and only 7 1/2 percent goes to higher education.

Spending 45 percent more on prisons than universities is no way to proceed into the future.

What does it say about a state that focuses more on prison uniforms than caps and gowns?

It simply is not healthy.

I will submit to you a constitutional amendment so that never again do we spend a greater percentage of our money on prisons than on higher education.

The way we get this done is to find more cost-effective ways to run our prison system and allows private prisons to compete with public prisons. Competition and choice are always good.

California spends \$50,000 per prisoner.

By comparison, the ten largest states spend \$32,000.

They spend less, and yet you do not see federal judges taking over their prison health care.

Why do we have to spend so much more than they do?

If California's prisons were privately run, it would save us billions of dollars a year.

That's billions of dollars that could go back to higher education where it belongs and where it better serves our future.

Choosing universities over prisons: this is a historic and transforming realignment of California's priorities.

If you have two states and one spends more on educating and one spends more on incarcerating, in which state's economy would you invest?

I ask you to make the right choice for California.

Another major item is this: federal funds have to be part of our budget solution because the federal government is part of our budget problem.

When President Clinton was in office, California got back 94 cents on the dollar from the federal government. Today we get only 78 cents back.

Texas gets 94 cents. Pennsylvania gets \$1.07. Alaska, with all its oil, gets back \$1.84 for every dollar. New Mexico gets \$2.03.

This should be more fair and equitable.

We are not looking for a federal bailout . . . just federal fairness.

Californians carry a special burden since we are a border state.

The federal government alone controls immigration policy. It alone controls border security.

While acknowledging its responsibility, the federal government is not even funding a 50-50 split of the costs of undocumented immigrants.

We can no longer ignore what is owed to us . . . or what we are forced to spend on federal mandates.

We are currently owed billions of dollars by the federal government for various programs.

We need to work with the feds so that we can fix the flawed formula that demands that states spend money they do not have.

Now Congress is about to pile billions more onto California with the new health care bill.

While I enthusiastically support health care reform, it is not reform to push more costs onto states that are already struggling while other states get sweetheart deals.

Health care reform, which started as noble and needed legislation, has become a trough of bribes, deals and loopholes.

You've heard of the bridge to nowhere. This is health care to nowhere.

California's congressional delegation should either vote against this bill that is a disaster for California or get in there and fight for the same sweetheart deal Senator Nelson of Nebraska got for the Cornhusker State. He got the corn; we got the husk.

Now, another priority relating to the budget is pension reform.

The cost for state employee pensions is up 2,000 percent in the last ten years, while revenues have only increased by 24 percent.

The pension fund will not have enough money to cover this amount, so the state—that means the taxpayer—has to come up with the money.

This is money that is taken away from important government services.

This is money that cannot go to our universities, our parks and other government functions.

Now, for current employees these pensions cannot be changed—either legally or morally.

We cannot break the promises we already made. It is a done deal.

But we are about to get run over by a locomotive. We can see the light coming at us.

I ask the Legislature to join me in finding the equivalent of a water deal on pensions, so that we can meet current promises and yet reduce the burden going forward.

These are serious issues we face.

Every year, in spite of whatever challenges are before us, I stand up here and tell you how much I believe in California's future.

I tell you how much I believe in the dream.

Some people think, "Ya, ya, ya, that's just Arnold being optimistic."

But I am not alone in believing these things.

Time magazine recently did an article about California that sounded like one of my speeches.

I would like to read you a few sentences. *Time* wrote:

“(California) is still a dream state. In fact, the pioneering megastate . . . is still the cutting edge of the American future—economically, environmentally, demographically, culturally, and maybe politically.

It is the greenest and the most diverse state, the most globalized . . . when the world is heading in all those directions.

It’s also an unparalleled engine of innovation, the mecca of high tech, biotech and now clean tech.

In 2008, California’s wipeout economy attracted more venture capital than the rest of the nation *combined*.”

So . . . *now* do you believe me?

California has the means and the mindpower to solve its problems.

Sometimes we are just too close to the problems to see the positives, and we need to step back.

A couple months ago I was in Iraq visiting our men and women in uniform, and of course many of them were from California.

They have seen and experienced some hard things.

Many have served tour after tour after tour. As a result, some have lost homes, spouses, limbs and lives.

Too often our soldiers bring back the enemy with them in their heads. We are seeing a lot of post traumatic stress syndrome. The suicide rate is disturbing.

California has more returning veterans than any other state, so our state, as well as the federal government, has a special responsibility.

You will see that in our agenda.

We have a fundamental obligation to anyone who has shed or risked blood for this country.

That is a priority.

Their sacrifice is extraordinary and never fails to inspire me.

And if you look to the gallery, you will see some Californians wearing the uniform of our country who have just returned from Iraq and Afghanistan.

To each of you, I say, “Welcome home.”

No matter how big the problems are that this state faces, no matter how harsh things may seem to us in the months ahead those Californians in uniform will tell you that this is still the greatest place to come home to, the greatest place to pursue a better life.

Just ask them how often they dreamed of being back home here in the Golden State.

Ladies and gentlemen, in closing . . . we in this chamber must fulfill our sacred trust to keep California a great place to come home to . . . for our men and women in uniform . . . and for generations of Californians yet to come.

Thank you very much.

ANNOUNCEMENTS

Speaker Bass announced the following session schedule:
Thursday, January 7, 2010, Floor Session, 9 a.m.

**CONSIDERATION OF DAILY FILE
UNFINISHED BUSINESS****MOTION TO RECONSIDER ASSEMBLY BILL NO. 964 CONTINUED**

By unanimous consent, the motion to reconsider the vote on Assembly Bill No. 964 was continued until the next legislative day.

ADJOURN IN MEMORY

Assembly Member Lowenthal was granted unanimous consent that when the Assembly adjourns on this day it do so out of respect to the memory of Col. Roy W. Owen, United States Air Force (Ret.), of Chico.

MOTION TO ADJOURN

At 10:36 a.m., Assembly Member Torrico moved that the Assembly do now adjourn.

Assembly Member Blakeslee seconded the motion.

Motion carried.

QUORUM CALL OF THE ASSEMBLY DISPENSED WITH

At 10:36 a.m., Speaker Bass declared the quorum call of the Assembly dispensed with.

**INTRODUCTION AND FIRST READING OF
ASSEMBLY BILLS**

The following bills were introduced and read the first time:

ASSEMBLY BILL NO. 1605—Coto. An act to add Section 17303.5 to the Education Code, relating to school facilities.

ASSEMBLY BILL NO. 1606—Coto. An act to add Section 14132.07 to the Welfare and Institutions Code, relating to Medi-Cal.

RESOLUTIONS

The following resolution was offered:

ASSEMBLY CONCURRENT RESOLUTION NO. 102—Coto. Relative to the Joe Colla Interchange.

AUTHOR'S AMENDMENTS**Committee on Revenue and Taxation**

January 6, 2010

Mme. Speaker: The Chair of your Committee on Revenue and Taxation reports:
Assembly Bill No. 1178

With author's amendments with the recommendation: Amend, and re-refer to the committee.

CALDERON, Chair

ASSEMBLY BILL NO. 1178—An act to amend, repeal, and add Section 25110 of, and to add Section 6361.7 of, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

Bill read second time; author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

**AUTHOR'S AMENDMENTS
Committee on Transportation**

January 6, 2010

Mme. Speaker: The Chair of your Committee on Transportation reports:
Assembly Bill No. 953

With author's amendments with the recommendation: Amend, and re-refer to the committee.

ENG, Chair

ASSEMBLY BILL NO. 953—An act to amend Section 1808.22 of the Vehicle Code, relating to vehicles.

Bill read second time; author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

**AUTHOR'S AMENDMENTS
Committee on Business and Professions**

January 6, 2010

Mme. Speaker: The Chair of your Committee on Business and Professions reports:
Assembly Bill No. 549
Assembly Bill No. 977
Assembly Bill No. 1590

With author's amendments with the recommendation: Amend, and re-refer to the committee.

HAYASHI, Chair

ASSEMBLY BILL NO. 549—An act to amend Section 1264 of the Business and Professions Code, relating to healing arts.

Bill read second time; author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

ASSEMBLY BILL NO. 977—An act to amend Section 4052 of, and to add Section 4052.8 to, the Business and Professions Code, relating to pharmacy.

Bill read second time; author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

ASSEMBLY BILL NO. 1590—An act to repeal Sections 3884.1 and 3884.2 of the Food and Agricultural Code, relating to the Orange County Fair, and declaring the urgency thereof, to take effect immediately.

Bill read second time; author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

**REPORTS OF STANDING COMMITTEES
Committee on Insurance**

Date of Hearing: January 6, 2010

Mme. Speaker: Your Committee on Insurance reports:
Assembly Bill No. 41

With amendments with the recommendation: Amend, do pass as amended, and be re-referred to the Committee on Appropriations.

SOLORIO, Chair

Above bill ordered to second reading.

Committee on Public Employees, Retirement and Social Security

Date of Hearing: January 6, 2010

Mme. Speaker: Your Committee on Public Employees, Retirement and Social Security reports:

Assembly Bill No. 1533

With the recommendation: Do pass, and be re-referred to the Committee on Appropriations.

HERNANDEZ, Chair

Above bill re-referred to the Committee on Appropriations.

Committee on Jobs, Economic Development, and the Economy

Date of Hearing: January 6, 2010

Mme. Speaker: Your Committee on Jobs, Economic Development, and the Economy reports:

Assembly Bill No. 1556

With the recommendation: Do pass, and be re-referred to the Committee on Housing and Community Development.

V. MANUEL PÉREZ, Chair

Above bill re-referred to the Committee on Housing and Community Development.

Committee on Higher Education

Date of Hearing: January 5, 2010

Mme. Speaker: Your Committee on Higher Education reports:

Assembly Bill No. 35

With the recommendation: Do pass, and be re-referred to the Committee on Jobs, Economic Development, and the Economy.

PORTANTINO, Chair

Above bill re-referred to the Committee on Jobs, Economic Development, and the Economy.

MESSAGES FROM THE SENATE

Senate Chamber, January 6, 2010

Mme. Speaker: I am directed to inform your honorable body that the Senate on this day concurred in Assembly amendments to:

Senate Bill No. 55

GREGORY P. SCHMIDT, Secretary of the Senate
By Bernadette McNulty, Assistant Secretary

ADJOURNMENT

At 3:30 p.m., pursuant to the motion by Assembly Member Torrico the Assembly adjourned until 9 a.m., Thursday, January 7, 2010, out of respect to the memory of Col. Roy W. Owen, USAF (Ret.) on motion of Assembly Member Lowenthal.

KAREN BASS, Speaker

AMY LEACH, Minute Clerk

**AMENDMENTS CONSIDERED BY THE
ASSEMBLY ON JANUARY 6, 2010**

The following measures were amended in the Assembly on this day:

AB	RN	
549	1000114	
953	0926925	
977	1000236	
1178	1000257	
1590	1000244	
Daily Total:		5
Cumulative Total:		2520

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