ELECTION: REPUBLICANS RETAKE U.S. SENATE, GAIN HOUSE SEATS; MOST CALIFORNIA INCUMBENTS REELECTED; SEVERAL RACES TOO CLOSE TO CALL

The Republican Party retook the Senate for the first time in eight years on November 4, 2014, gaining at least seven seats to take a majority of 52. That number may grow, as ballots are still being counted in Alaska, and a recount may be requested in Virginia. In the House, Republicans picked up at least 14 seats, with some races still too close to call.

In California, while most incumbents were returned to the House by their constituents, there are several races that remain too close to call, as all of the mail and provisional ballots have not been counted yet. First-term Rep. Ami Bera (D) is trailing former Republican Rep. Doug Ose in the 7th District by about 3,000 votes. In the 16th District, incumbent Democrat Rep. Jim Costa is trailing Republican Johnny Tacherra by 736 votes. Costa, in his fifth term, also had a very close race in 2010 that he won on the strength of mail and provisional ballots.

Incumbent Rep. Julia Brownley is holding a razor-thin margin in the 26th District. The first-term Democrat has 63,811 votes to Republican Jeff Gorell’s 63,281. Down in the 52nd District, Rep. Scott Peters, also a first-term Democrat, is trying to hold onto his seat against a challenge by Republican Carl DeMaio, a former member of the San Diego City Council. Peters is down by 752 votes, but the San Diego County Registrar of Voters has said that some 46,000 ballots still need to be counted.

Several of the House races matched newcomers up for seats being vacated by retiring members. In retiring Rep. George Miller’s 11th District, the Democrat Mark DeSaulnier easily defeated Republican Tue Phan, by a vote of 70,947 (66.2%) to 36,276 (33.8%). In the 25th District, where two Republicans faced off, Steve Knight bested Tony Strickland 53.5%-46.5%. Knight will take the seat left by Rep. Buck McKeon. In the 31st District, it looks like Democrat Pete Aguilar will take the seat being vacated by Republican Rep. Gary Miller. Aguilar holds a 51.0%-49% lead over Republican Paul Chabot.

Democrat Ted Lieu will replace Rep. Henry Waxman in the 33rd District. He beat Republican Elan Carr by a vote of 79,708-56-854. In the 35th District, were two Democrats ran against each other to replace Gloria Negrete McLeod, Norma Torres took 63.3% of the vote to defeat Christina Gagnier. In the 45th District, Republican Mimi Walters easily defeated Democrat Drew E. Leavens in the race to replace retiring Rep. John Campbell. Walters had 81,492 votes to Leavens 43,172 at press time.

Neither Senator Dianne Feinstein or Senator Barbara Boxer were up for reelection this year.
The California Secretary of State’s website will update the latest vote counts on a daily basis. For complete election information, go to: http://vote.sos.ca.gov/returns/us-rep/district/all/

**ELECTION: SEVERAL PROPOSITIONS CONSIDERED BY CALIFORNIA VOTERS**

On November 4, 2014, California citizens voted on the following propositions that were on the ballot:

**Proposition 1: Funding Water Quality, Supply, Treatment, and Storage**

Proposition 1 is the water bond put on the ballot by the state legislature. The measure authorizes the sale of $7.1 billion in general obligation bonds and the redirection of $425 million of unsold bonds to fund various water supply infrastructure projects. Such projects include surface and groundwater storage, ecosystem and watershed protection and restoration, and drinking water protection.

Supporters argued that Prop 1 provides a reliable supply of water during times of drought, benefits the economy, and protects the environment without raising taxes. Opponents claimed that Prop 1’s spending would do little to ameliorate drought conditions, harm the environment, and misdirect funds that could be used for other purposes.

The measure passed easily by a 66.8%-33.2% margin.

In lauding the passage of Prop 1, Association of California Water Agencies Executive Director Timothy Quinn said the investments made by the water bond “will be complemented by the most significant state funding for water storage in a half-century. This funding will be matched – on a competitive basis – with local and regional dollars for 21st century water storage projects that add much-needed flexibility and resiliency to our water system. We will also take a major step forward in investing in watersheds and safe drinking water improvements, particularly in disadvantaged communities.”

**Prop 2: State Budget Stabilization Account**

Proposition 2, also known as the Rainy Day Fund proposition, is a constitutional amendment also put on the ballot by the state legislature. It requires an annual transfer of state general fund revenues into a budget stabilization account and requires half of the revenues to be used to repay state debts.

Those in favor of Prop 2 argued that it will protect taxpayers from tax increases and shield schools from drastic cuts during economic downturns. Opponents claimed that it would impede the ability of school districts to determine the use of allocated funds.

Prop 2 passed with 68.7% of the vote.

**Prop 45: Healthcare Insurance Rates**

Prop 45 requires the Insurance Commissioner to approve rate changes for individual and small group health insurance. Currently, that authority rests with state regulators who also review the rates for individual and small group health insurance.

Proponents of Prop 45 asserted that it protects consumers from price gouging. Opponents argued that it would create unnecessary bureaucracy, increase the price of health insurance, and leave the determination of rates vulnerable to the political process.

Prop 45 failed with 59.8% of voters rejecting the measure.
Prop 46: Doctor Drug Testing, Medical Negligence

Prop 46 would require the drug testing of doctors, review of a statewide database before prescribing controlled substances, and adjusting the pain/suffering cap for medical negligence lawsuits for inflation.

Supporters of Prop 46 argued that substance abuse and drug overdoses are epidemic among patients and sometimes doctors. Additionally, they state that medical negligence is the third largest cause of death. Opponents asserted that an increase in medical-liability insurance will cause many doctors to leave the state, thus compromising the affordability of, and access to, healthcare.

The measure failed with 67.2% of voters rejecting it.

Prop 47: Criminal Sentencing, Misdemeanor Penalties

Prop 47 requires a reduction in penalty from a felony to a misdemeanor for certain nonserious and nonviolent drug and property crime offenses.

Supporters argued that it will save hundreds of millions of dollars annually and fund schools, crime victims, and mental health and drug treatment programs. Opponents dispute the release of 10,000 felons from state prison.

Prop 47 passed with 58.4% of the vote.

Prop 48: Indian Gaming Compacts Referendum

Prop 48 approves tribal gaming compacts between the state and the North Fork Rancheria of Mono Indians and the Wiyot Tribe. As a result, North Fork would be able to construct and operate a new casino in Madera County and would be required to make various payments to state and local governments, Wiyot, and other tribes.

Supporters claimed that allowing the compact to take effect would stimulate job growth in an economically depressed region as well as provide revenue to state and local governments. Opponents believe that Prop 48 sets a precedent for the legalization of off-reservation gaming and would bring more crime and pollution to the Central Valley.

Prop 48 failed with 60.9% of voters against the measure.

For more information on the ballot measures, go to: http://vote.sos.ca.gov/returns/ballot-measures/

REPORTS: LAO RELEASES 2014-15 STATE BUDGET SUMMARY

The projected total state budget for 2014-15 assumes spending at $152.3 billion, which includes $108 billion from the General Fund and $44.3 billion from special funds. The total spending amount is an 8.6% increase over 2013-14’s revised totals. The spending of federal funds is $98 billion, a 20.9% increase over the last budget year, with most of the increase earmarked for healthcare.

The Legislative Analyst's Office expects modest revenue growth of the general fund at 5% over 2013-2014. Additionally, a 5.7% increase in revenue is expected from the personal income tax, the sales and use tax, and the corporation tax. The 2014-15 budget is projected to end with $2.1 billion in total reserves, a decline from the 2013-14 reserve total of $2.9 billion reflective of a small operating deficit in 2014-15.

Major features of the 2014-15 budget include the full funding of the California State Teachers' Retirement System (CalSTRS) program, enactment of the cap-and-trade spending plan, and drought legislation. CalSTRS had a budget shortfall of $74 million in 2013-2014 with a growing unfunded liability. The budget solution addresses the unfunded liability over 32 years by increasing state, employee, and employer contributions. With regard to cap-and-trade, the 2014-15 budget includes $832 million from the Greenhouse Gas Reduction Fund, including $250 million for the state's high-speed rail project. Related to the drought, in February 2014, the Governor signed two bills that appropriated a total of $687 million ($75 million from the General Fund). The 2014-15 Budget Act provides an additional $151 million, $123 million from the General Fund, in mostly one-time funding for other drought programs.

Additional elements of the state budget include large Proposition 98 funding increases for schools and community colleges, a two percent pay increase for most state employees, payment of the remainder of
the Economic Recovery Bonds, and $100 million in one-time funding for multifamily housing. In August, $50 million was allotted to the California State University and University of California budgets.

Included in the budget are three spending triggers to authorize additional spending should the Director of Finance determine that certain revenues have sufficiently exceeded the administration's forecasts. The three spending triggers are education deferral pay downs; city, county, and special district mandates, and deferred maintenance.

For more information, please visit:

**REPORT: NEW WEB RESOURCE OUTLINES ONLINE COLLEGE AFFORDABILITY IN CALIFORNIA**

Affordable Colleges Online began in 2012 with the mission to provide strategies and information about pursuing an affordable higher education. Their free community resources and tools span topics such as financial-aid and college savings strategies, affordability and scorecard rankings, opportunities for veterans and people with disabilities, and online learning resources. Its primary goals are to make college more affordable and spread the importance of accreditation.

ACO recently published California specific research on not-for-profit universities and colleges that give students increased flexibility and lower tuition prices in order to obtain four-year degrees. The top ten affordable online programs in California are offered through the California State University (CSU) system. CSU- Monterey Bay, which specializes in graduate-level education through its online MBA program, is featured as the most affordable at $5,963 for tuition and fees.

Included on the site is information for prospective students about California's student population by region and the cost of living beyond tuition that accompany pursuit of a degree. Additionally, the site provides information on accreditation and scholarships.

For more information and the complete ranking of affordable online degree programs in California, please visit: [http://www.affordablecollegesonline.org/](http://www.affordablecollegesonline.org/) and [http://www.affordablecollegesonline.org/online-colleges/california/](http://www.affordablecollegesonline.org/online-colleges/california/).