



Tidbits from Sacramento

Griffin & Associates
Legislative and Governmental Advocacy
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FINALLY A BUDGET!

I can not say it is a wonderful budget, but it is a budget that covers the current year and also the 2009-10 fiscal year. The budget includes \$15 billion in program cuts, \$13 billion in new revenue - (read tax increases), as well as \$11 billion in borrowing, primarily from the lottery, but also from transfers and loans from various special funds.

The Governor's budget was released Thursday after a lengthy all night session. The budget itself is 657 pages long, but that is not the total picture. There are numerous line-item vetoes that were made in the budget which will require some in-depth analysis to determine their impact on specific programs. However, several of the Governor's veto cuts made the front page headlines. The budgets for the constitutional officers were cut by ten percent, although Lt. Governor John Garamendi's budget was cut by nearly 2/3.

The Assembly had already secured the necessary votes for passage of the budget including the necessary three Republican votes. The Senate had two Republican votes and needed a third. Republican Senator Abel Maldonado became the third vote after he negotiated several issues, including a proposal for an open primary which will be on the June 2010 ballot. If this proposal passes, it will allow candidates to run regardless of their political party affiliation. All candidates would be running against each other. The top two candidates that finished in the primary would then run against each other in the general election. The last time we had an open primary was in the mid-90's I believe.

Stopping legislative pay raises when the budget is not passed by the deadline is not a new proposal. While that proposal was on the table at one point, it did not make it through the final process. However, the final budget negotiations did include a provision that legislative pay increases would not be provided in any year that had a budget deficit.

A major negotiation problem was the addition of a 12 cent gas tax to be included in this budget. In the final negotiations the increased gas tax was eliminated. Tax increases are a significant part of this budget compromise. Personal income tax will increase by 0.25 %, vehicle license fees will almost double and the sales tax will increase by 1%. Tax increases are supposed to last for two years. However, the taxes may be extended for an additional two years if the spending cap the Governor has proposed is approved by the voters in the election scheduled for

May 19th. The spending cap is very complex, but does prohibit legislators from increasing state spending in the "good times."

Clearly, not everyone is happy with this budget, including many of those who voted for it. Avoiding a \$41 billion shortfall over the next 16 months drove the decision for many legislators. According to some, this budget will now make California the highest taxed state in the country.

HEALTH CARE REFORM

Will 2009 be the year that health care reform moves forward? While many entities have put forth various versions of reform that did not get support, it appears that some movement is beginning to take place. President Obama recently signed legislation to increase access to SCHIP so more children would receive health benefits.

According to the New York Times, health care industry leaders and lobbyists for various doctors, hospitals consumer groups and drug companies have been quietly working behind the scenes to formulate a proposal that may overhaul the current health care system. While consensus has not been reached on a number of major issues, those working on the proposal are continuing with their efforts to come to an agreement. One of the major sticking points is the role of employers in a health care system.

The federal stimulus package is expected to include some monies to assist those workers who are now unemployed and/or lost their COBRA coverage due to time limits. Given California's 9.3 percent unemployment rate, and the length of time which some have already been unemployed, these monies may provide some relief.

LEGISLATION

The focus of the legislature on the budget has certainly impacted the amount of legislation that has been introduced. The deadline for introducing a bill is February 27th. As of this date, only 549 legislative bills have been introduced. That number pales in comparison to the nearly 1500 bills that were introduced by this time last year.

Does this mean that we will actually have less legislation than in prior years? Probably wishful thinking. Most likely we can now expect to see a deluge of bill introductions coming through the process within the next 5 working days. Healthcare is definitely on the agenda including the following:

SB 1 (Steinberg) Expands the eligibility for both the Medi-Cal and Healthy Families Programs. Includes a presumptive eligibility for Medi-Cal.

SB 3 (Cedillo) - Workers Compensation, Permanent Disability Benefits

SB 26 (Simitian) - Home-Generated Pharmaceutical Waste. Requires the Board of Pharmacy to coordinate with various entities to develop programs to manage such waste.

SB 54 (Leno) Health Care Coverage: Prohibits insurers from charging a premium, price or charge differential because of the gender of an individual.

SB 56 (Alquist) Relates to universal health care for California residents. States the intent to implement comprehensive reforms for health care

SB 92 (Aanestad) Would allow an insurer to offer policies in the State without a license, individual healthcare service plan contracts and individual health insurance policies without certain mandated provisions.

AB 2 (De La Torre) - Reintroduction of his healthcare licensure and regulation of health plans bill from last year.

AB 23 (Jones) - Sets forth the intent of the legislature to institute universal health care coverage for all residents.

AB 29 (Price) Prohibits the current limiting age for dependents covered by DMHC health plans and group health plans.

AB 56 (Portantino) - Requires health plans and insurers to send written information to female enrollees/policyholders relative to eligibility for testing for screening or diagnosis of breast cancer.

AB 98 - De La Torre) -Mandates health insurance policies to provide maternity services.

Mini-Tidbits

The Air Resources Board will begin the regulatory process to institute an "Administrative Fee" pursuant to AB 32, the Global Warming legislation signed into law in 2006. Payments will be made by those emitting greenhouse gas emissions.

It is expected that California's Congresswoman Hilda Solis, will be confirmed by the Senate on February 24th as the Secretary of Labor for the Obama Administration. This will leave a vacancy for her current seat in congress and necessitate an election for her replacement.

The new nominee for head of the Small Business Administration, Karen Mills, has impressive credentials. If confirmed for this position, she will bring a financier's background to the position and the experience of being an advocate for small business.