



Tidbits from Sacramento

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Legislative and Governmental Advocacy
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HEALTHCARE REFORM – STILL A HOT TOPIC, BUT WHERE IS IT GOING?

From the President to the Congress to California's Legislature and the many entities that have written article after article about the need for healthcare reform, one would think that something would come together. While healthcare reform remains a hot topic, the ability to forge an agreement among the entities involved seems to be the challenge.

Recent articles from Washington, D.C. indicate that the Administration is open to a compromise on a government health plan for the middle class that would not drive private insurers out of business. The new director of the White House Health Reform Office, Nancy-Ann DeParle recently spoke about designing such a plan, but as yet there are no details coming from the Administration on how such a plan would be designed.

Congressional Senators Grassley (R) of Iowa and Baucus (D) of Montana are attempting to put together a bill they believe that will appeal to the "middle." No one believes that healthcare will be an easy issue for the Senate, but there appears to be some unity among members of the Senate on some key issues. However challenges remain, including costs, mandates and a "public plan."

Many California legislators are also focused on our healthcare system. Despite our fiscal situation, healthcare legislation is beginning to move through the process. I expect that many of these bills will fall victim to the fiscal threshold the Appropriation Committees set for passing such legislation.

Taking up California's "single payer" healthcare legislation this year is Senator Mark Leno. He introduced SB 810 which looks much like the former "single payer" bills introduced over several years by former Senator Sheila Kuehl. The bill passed the Senate Health Committee and was sent to the Senate Appropriations Committee.

CALIFORNIA FORWARD

I recently attended the Sacramento Press Club Luncheon and listened to former Speaker of the Assembly, Bob Hertzberg. Bob is now a co-chair of California Forward. It was a very interesting presentation and discussion. Hertzberg took over the position formerly held by Leon Panetta who recently joined the Obama Administration. California Forward was formed about a year ago and is a bi-partisan group of high-powered, well-connected individuals committed to

addressing a number of our State's problems, including its recent budget debacle. Some of the State's major foundations have committed millions of dollars to this endeavor. California Forward is just what its name implies. It is an attempt to remedy a number of the structural cracks in California's fiscal and budgeting processes, including those affecting the state-local fiscal relationships.

Hertzberg also spoke about the Bay Area Council whose membership includes a number of corporate CEO's who are also trying to address some of the problems inherent in our State. This organization is considering a ballot measure for 2010 that would allow voters to call for a Constitutional Convention to "overhaul" our state government.

Discussions have begun between the two organizations. It will be interesting to watch what materializes in the coming months, either jointly or separately.

TAXES/FINANCES

A tiny bit of good news! California's Franchise Tax Board received \$950,762 on April 16. This increased the month's tally from \$1.3 billion to close to \$2.3 billion. While we are certainly not out of the fiscal mess we are in, it was the first bit of good news in recent weeks. The most recent estimate by the Legislative Analyst indicates that we are still most likely to be \$8 billion in the red.

MAY ELECTIONS

Congressional District 32 has a number of candidates vying for this seat (formerly held by Congresswoman Hilda Solis, now the Secretary of Labor in the Obama Administration.) This race will be decided during the special election on May 19. Twelve candidates filed for the seat including 8 Democrats, 3 Republicans and 1 Libertarian. However, this district is primarily Democratic and it is expected that the race will be a contest between Senator Gil Cedillo and Board of Equalization Member and former legislator Judy Chu.

This election will also include Propositions 1A through 1F on the ballot. These propositions have both detractors and supporters. Many organizations are split on the support or opposition to these measures. Strange bedfellows are on various sides of these measures. A recent poll suggests that the one Proposition that seems to have gathered support from many sides is Proposition 1F-- no budget, no salary hikes for elected officials!!

STIMULUS DOLLARS ARE COMING TO CALIFORNIA

California's Governor has created the first Inspector General in the nation to ensure that we utilize our federal stimulus monies appropriately. Laura Chick, former Los Angeles City Controller, was appointed by the Governor this month to assume the duties of the Recovery Act Inspector General. Transparency, accountability and job creation are critical areas that Ms. Chick will be monitoring to ensure California is using its stimulus dollars appropriately.

SMALL BUSINESSES AND AB 32 CALIFORNIA GLOBAL WARMING BILL

In December, the Air Resources Board passed the "Scoping Plan" to implement the AB 32 greenhouse-gas emissions agenda. This has become a very controversial issue, particularly with regard to the small business community. While the Air Resources Board has some entities that are trying to understand small businesses, it is clear that the diversity of businesses may be a challenge. The "Scoping Plan" analysis was reviewed by various economists and some have

publically stated that the analysis was flawed. In California, small businesses are acknowledged as the engine that continues to drive our economy, many of them are owned by women. The Center for Women's Business Research located in Washington, DC released the 2008 report in October indicating that California Women own 972,925 businesses, employ nearly 1 million people and generate approximately \$165.7 billion in annual revenues. Most of these are small businesses owners.

The impact on these business owners to implement the AB 32 requirements could be devastating to our already struggling economy. The Air Resources Board has indicated they wish to work with small businesses, but given the variety of businesses and their size, this may be a daunting task. Stay tuned.