



Tidbits from Sacramento

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STATE BUDGET PROCESS MOVING FORWARD – Will it meet its deadline?????

The Senate and Assembly budget committees completed their work this past week. Now the tough part of the budget process begins. All items which were not agreed to by both the Assembly and the Senate budget committees will now go to a Conference Committee for resolution of all outstanding issues.

The members of the Conference Committee have not yet been formally appointed. The Conference Committee consists of six members, three each from the Senate and Assembly. These members are usually the Chairs of the Budget Committees of both houses and 4 other legislators, generally chairs of other fiscal committees. It is expected that the Committee will begin its deliberations on Friday, June 1 and continue on Saturday, June 2.

I do not expect this to be an easy budget to reconcile; given the Governor's May Revise released on the 15th. The cuts in social programs in the Revise will be the subject of intense debate. When all is said and done; however, I expect the "big 5" (Governor and Republican and Democratic leaders) will get together and work out the final details, as usual. It appears that the Governor's suggestion to consider leasing out the lottery to the private sector may be a carrot that could be used to reinstate the social programs. The Dems will not agree to all the social cuts and Reps will not agree to tax increases. Therefore, the lottery may become the key to resolution of the final budget agreement. Stay tuned and watch this "dance" as it plays out in the newspapers the closer we get to the budget deadline of June 15 (I can't remember when the deadline was last met).

LEGISLATION IN THE "SUSPENSE FILE"

Suspense will be over this coming week for many legislators, lobbyists and others whose legislation was sent to the Senate and Assembly Appropriation Committees Suspense Files. This process has traditionally been a holding place for any bill that may incur a State cost of \$125,000 or more. The intent is to review all such bills and determine which bills can justify their cost with cost-avoidance documentation or amendments that would significantly reduce the cost to the State. Decisions on the Suspense File Legislation will most likely occur on May 30th and 31st

HEALTHCARE REFORM LEGISLATION

Both AB 8 (Nunez) and SB 48 (Perata) were recently amended to add specific details to their legislation. The Governor's staff has put together legislative language for his proposal, over the last month or so. It was released only to key legislators/staff. I was informed yesterday that it should be available to all shortly. The Senate Republicans also have a proposal (SB 236) which takes a different approach to addressing the issues and does not include many of the concepts in the Governor's, Perata's or Nunez's proposals.

I do not expect that we will have a lot of movement on the major issues initially. Most of the activity appears to center around identifying all the problems with each proposal. On the other hand, there are groups of entities forming coalitions to support the concepts in the various proposals. This issue has brought together some strange entities that are not usually on the same planet – big business, senior groups, unions, etc. While they don't agree on all concepts, they are vocal about the fact that they believe the healthcare system is broken and needs to be fixed.

Of course, the devil is in the details, but I do expect that in-depth conversations will take place as soon as the budget process is completed. Given the magnitude of this issue and the variety of proposed "fixes" a quick resolution is not likely. More likely we will see long, intense negotiations between key leaders in the public and private sectors attempting to forge a compromise of ideas. No matter how this plays out, it will probably be phased-in over time and there will be some winners and losers.

The PR barrage against health care reform has begun in earnest. Blue Cross has indicated they will set aside \$2 million to oppose provisions of the Governor's proposal, as well as, the Democrats proposals.

PROFILES OF SENATE LEADERS

- **Senator Dick Ackerman (R)**-Orange County – Senate Minority Leader. Senator Ackerman was elected to the Assembly in 1995 and to the Senate in 2000. In 2004, Dick was elected by his colleagues as the Senate Republican Leader. As the Leader, he will be a key figure in the final negotiations on the State Budget. Dick had a long career as a lawyer in Orange County and also served in several capacities in local government, including two terms as Mayor of Fullerton.

He is well respected by his colleagues, as well as, those in the "third house" better known as lobbyists. Dick is always cordial whether he agrees with you or not. He and his staff are very accessible which makes my life much easier.

- **Senator Don Perata (D)** – Alameda County – President pro Tem of the Senate. Senator Perata was elected to the Assembly in 1996 and to the State Senate in 1998. Don was unanimously elected to the position of President pro Tem three times by his colleagues. Senator Perata began his career as a teacher in 1966. He taught Civics, English and History to numerous students over the years. In 1986, Don was elected to the Alameda County Board of Supervisors where he served two terms.

As President pro Tem of the Senate, the Senator has a tough job, which one might describe as, "herding cats." The other 39 members of the Senate look to Don for many things, not the least of which is an appropriate office, money to run their district and Sacramento offices, etc. Senator Perata can wield a heavy stick and sometimes does. As pro Tem, he serves as Chairman of the powerful Senate Rules Committee which determines a number of procedural and substantive issues, including determining the policy committee placement of a legislative bill, holding hearings and voting on certain Governor appointees.

Mini-Tidbits

-CD -27 Special Election. The passing of Congresswoman McDonald has created some interesting dynamics. It appears that the race will be between Senator Jenny Oropeza and newly elected Assemblywoman Laura Richardson. The politics of this race are interesting, but it appears that as this race heats up, it will have some ramifications in Sacramento. If either woman wins, another election will be necessary to fill the legislative vacancy of the winner.

-There are about 8 million computers sold in California each year. About half of them replace existing computers. A number of years ago, a bill passed to put a \$6 to \$10 fee on the sale of any computer monitor sold in California. The intent was to assist in recycling efforts. AB 1535 (Huffman) was introduced this year to require a new \$6 fee on all computer processing units sold in California. This bill is set to be heard in the Assembly Appropriations Committee on May 31. Expect strong support from the environmentalists and strong opposition from the business community.

- AD 39 - As expected Felipe Fuentes (D) won the May 15 Special Election to replace Richard Alarcon who resigned to become an LA Council Member. He won over 50 percent of the vote, negating any need for a run-off election.

-Senator Max Baucus,(D-MT) Chair of the Senate Finance Committee and Senator Michael Enzi, (R-WY) Ranking Member of the Health, Education, Labor & Pensions Committee have agreed on legislation to overhaul medical malpractice lawsuits. They are planning to take a different approach rather than capping the payouts. Their approach will be to offer grants to 10 states to try different approaches and see if any of them would work nationally.

- The Senate Finance Committee is expected to “mark-up” the reauthorization of the SCHIP on June 7, which funds the Healthy Families Program in California.

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