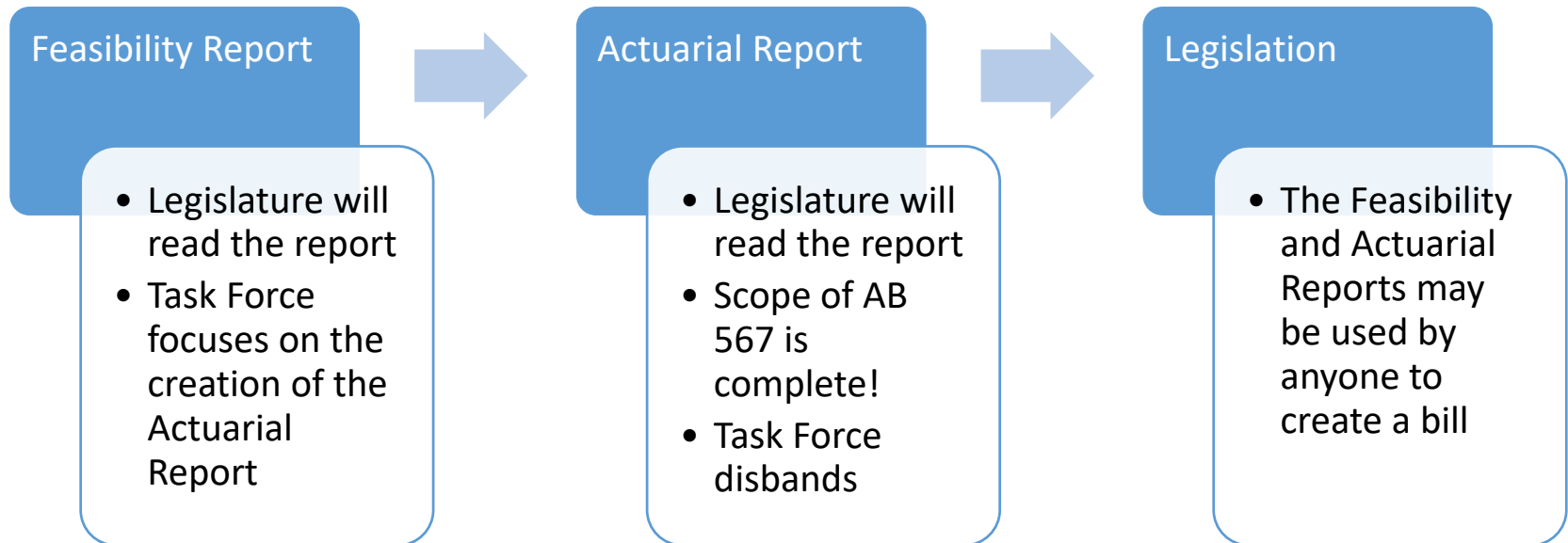


Presentation #18.B



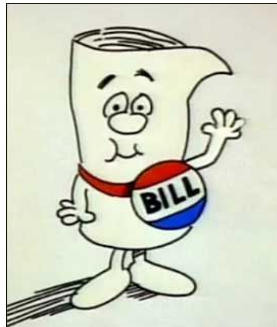
Next Steps & California Legislative Process

Next Steps for the Task Force and Beyond



Step 1: How An Idea Becomes A Bill

- All legislation starts off as an idea.
- These ideas can come from anybody and the process begins when either an individual or group persuades a Member of the Legislature to author a bill or the Member has an idea on how to address a particular issue.
- If the author is a Senator, the bill is introduced at the Senate Desk; if an Assembly Member, at the Assembly Desk, where it is assigned a number. (Bill is printed for the public at this stage)
- A bill is born and where it starts is called its “House of Origin”.

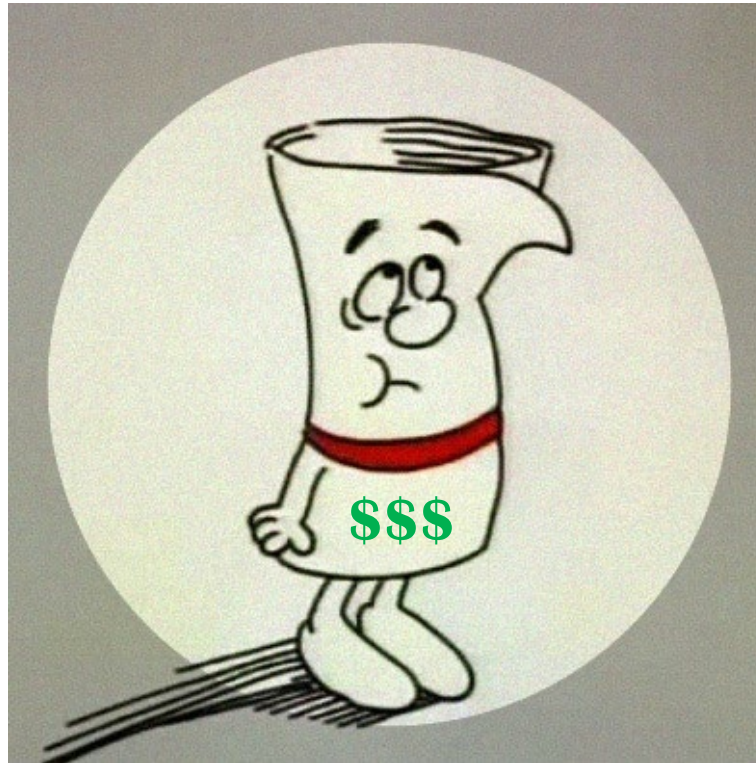


Step 2: Bill Goes To Policy Committee



- The bill is assigned to a policy committee and cannot be publicly debated until 30 days after it has been introduced and printed.
- Each bill must appear in the Daily File for four days prior to being heard in a committee. The Daily File is the public agenda of the day's business, including notice of bills set for committee hearings.
- Policy committees review the legislation, provide an analysis for the Legislative Members and the public.
- The author (Senator or Assembly Member) presents the bill to the committee. During the hearing, the author supporters and opposition have an opportunity to testify.
- Committee votes yes or no to advance the bill. At any time during the legislative process, a bill may be amended and goes to another printing to reflect the changes that have been made.

Step 3: A Bill May Go To A Fiscal Committee.



What Happens In The Fi\$cal Committee

- If the bill advances from the policy committee and has a fiscal impact or a state cost, it will be heard in either the Senate or Assembly Appropriations Committee, depending on its House of Origin.
- Any bill that is approved in Assembly Appropriations committee with a cost of over \$150,000 will be held in “Suspense” (won’t continue further in the legislative process) until all fiscal bills are heard and then they decide what they can/can’t afford and advance approved bills.
- Any bill in Senate Appropriations Committee with a cost of over \$50,000 will be held in “Suspense” (same process as above).
- The number of bills that move pass “Suspense” is dependent on a number of factors including state budget conditions and policy priorities of each house of the Legislature.

The CA Budget Bill Process

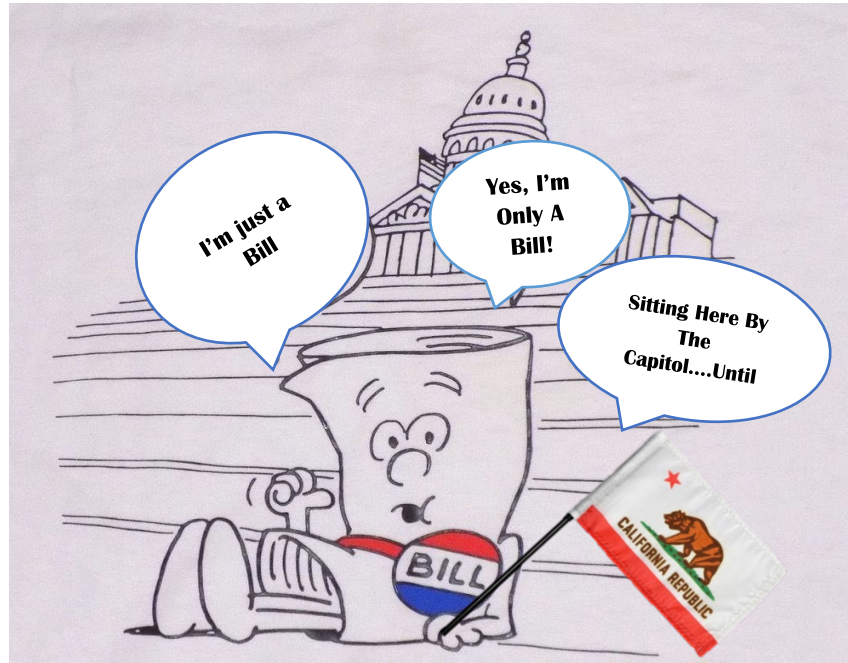
- Unlike other fiscal measures, the Budget Bill is prepared by the Governor and his fiscal team at the CA Dept. of Finance
- Budget items are publicly reviewed by Budget Subcommittees concurrently in both houses for their fiscal and policy implications including public testimony. The Subcommittees can add or subtract from the Governor's proposed budget.
- The Budget Subcommittee Chairpersons make recommendations to the Budget Committee which adopts a budget, works out any differences with the other House and the Governor and is voted on by the full Legislature.
- The budget takes effect upon signature by the Governor (7/1).

Step 4: Getting Out Of the House Of Origin

- If a policy bill passes the fiscal committee, the author presents the bill on the Floor for passage (a vote) by the entire house.
- Most bills require a majority vote (it must pass by 21 votes in the Senate and 41 votes in the Assembly), while urgency measures and appropriation bills require a two-thirds vote (27 in the Senate, 54 in the Assembly). “Urgency” means a bill can take effect right away vs. the following January at the earliest.
- The budget bill requires a majority vote but legislation that raises taxes or would place bonds or constitutional amendments on the ballot require a 2/3rds vote.

Step 5: After The Bill Passes Out of The House Of Origin It Then Goes To The Second House

- All the same legislative procedures are repeated in the Second House.



Step 6: Concurrence Or Straight To The Governor

- If a Senate bill is amended by the Assembly, or vice versa, the bill must return to House of Origin for (a vote) by the entire house.
- The House of Origin must “concur” agree to the changes made to the bill in the second house.
- If the bill not amended in the second house, it goes straight to the Governor for consideration.
- The Governor has a prescribed period of time to act upon it and if vetoed, the Legislature can override it by a 2/3rds vote (this is very, very rare).



California's Fiscal Outlook and Impact on Legislation

- Governor's Budget is due 1/10/23, however the Legislative Analyst Office has released their 2023-24 Fiscal Outlook:
 - The LAO is projecting a \$24 Billion dollar deficit in the upcoming fiscal year with smaller (but still multi-billion dollar) deficits in succeeding years. This equals the total amount of state budget reserves.
 - Their projection is based upon current revenue trends, but does not include a recession scenario which could increase the deficit by \$30-\$50 Billions over that same period.
 - They recommend that the reserves be saved in case of recession and instead a review of recent budget augmentations that can be paused or reassessed in light of the shortfall.
 - The Governor recently vetoed many pieces of legislation due to current and future fiscal concerns.

Thank You

Some graphics courtesy of Schoolhouse Rock.



Any Questions?

Thank you

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California Department of Insurance