

# LEGISLATIVE UPDATE



Week of May 19, 2025

## State Issues

### State Budget Update

This week, the Legislature held its first – and only – hearings to discuss Governor Newsom’s State Budget May Revise proposal, which includes the Governor’s plan to address the \$12 billion deficit in the state budget. With billions in cuts to health and human services on the table, Budget hearings have been long and overflowing with patient and health care advocates to express grave concern about the Governor’s plan.

Legislative Budget Subcommittee members – both Senate and Assembly – held hearings reviewing all of the proposals from the Governor to slash billions from the Medi-Cal program. The Administration is proposing a freeze on access to Medi-Cal and a \$100 health care premium for undocumented adults, cuts to services such as eliminating coverage for over-the-counter medications and certain diabetes medications and creating barriers to care by creating administrative requirements for medications and hospice services. They are also proposing cuts to PACE programs for the elderly and instituting an asset limit of just \$2000.

Assembly Budget Subcommittee chair, Dawn Addis noted, “The May revision appears to be balanced on the backs of the poor, the elderly, immigrants, women and front-line health care workers.” Senate Health Committee chair, and member of the Senate Budget subcommittee on health, Caroline Menjivar was clearly frustrated with the Administration for the budget proposals. She provided scathing questioning during the hearing. Despite the clear frustration by the Members of the Subcommittee, the LAO’s office estimates that Medi-Cal general fund costs, without any cuts, would be \$7 billion higher in the new budget than was estimated last year.

The Legislative Analyst’s Office also shared some disheartening news. They believe that the Governor’s proposed cuts “should kind of be the floor” for lawmakers as they work to pass a budget over the next month. That’s because California’s \$12 billion deficit in fiscal year 2025 isn’t a one-time issue. It’s part of an ongoing structural imbalance between the state’s revenues and expenditures – a gap that’s expected to grow.

Despite the enormity of the decisions Legislators have to make, there are no other Subcommittee hearings that will continue to the budget discussions. The Senate has all Subcommittees cancelled until May 29, where all will hold what are called “close out” hearings. In most circumstances, there is very little testimony or discussion in these kinds of hearings, and the Committee simply reports out what decisions they have made and vote on it. The Assembly will follow a similar process. The budget negotiations have begun in earnest behind closed doors between the Governor’s office, Department of Finance, Legislative leadership and Budget Chairs.

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| <p>State Budget Update<br/><i>(continued)</i></p>      | <p>The Legislature is set to vote on a final budget by June 15, and the Governor has until July 1 to sign a balanced budget. Given that there remains significant federal health care funding up for cuts, it is expected that the budget the State approves this summer will need to be re-worked this fall or in January to address whatever additional cuts come from Washington.</p>   |
| <p>Legislative Deadline: Appropriations Committees</p> | <p>Today marks the last day for fiscal committees to hear and report bills to the floor bills introduced in their house. Senate and Assembly Appropriations Committee will vote on nearly 1,100 bills – about 100 more than last year – in a rapid-fire voting frenzy. Last year, the Assembly held about 35% of the bills they heard, and the Senate held about 25%.</p> <p>These committees are supposed to review the cost associated with the State’s implementation for each bill on its calendar. With the State budget in the shape it is in, there is some expectation that more than an average number of bills should be held.</p> <p>But politics being what it is, and Members not liking to kill the bills of their colleagues, it would not be surprising if some big-ticket items found their way through, despite their costs. Bills that survive the Suspense gauntlet will next be heard on the Floor over the next two weeks. Bills have until June 6 to pass off their respective Floor.</p> |

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