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Legislature Considers the Fiscal Implications of Workers' Comp Bills

By Jason Schmelzer

The legislature has concluded the first house policy committee process, and the surviving bills will now be evaluated for state fiscal impact. The Appropriations Committee in each house will, by May 17, decide the fate of every remaining bill that has any meaningful state cost. All these bills are moved to the "suspense file," and each committee will hold a special hearing to announce which of the bills will be moving forward. Even in a normal year the "suspense file" process can be murky and treacherous for legislators because there is never a clear explanation of why a bill is held.



The appropriations process is expected to be especially brutal this year because the state faces a second year of budget deficits, and the near-term projection isn't positive. Governor Newsom [projected](#) a \$38 billion 2024-2025 budget deficit in January despite higher estimates from the Legislative Analyst's Office. The legislature responded to the projected deficit by passing an early action budget agreement containing \$17 billion in reductions, borrowing, and other budget solutions. Despite these actions, there is consensus that the new deficit number announced by Gavin Newsom in his May budget revision will be higher than projected in January.

The Department of Finance was given authority in the legislation implementing early action budget solutions to initiate a freeze of specific one-time appropriations from the 2021, 2022, and 2023 budget acts. The department [initiated](#) the freeze on April 29. For the legislature, the message is clear - control new spending. The appropriations committees in each house are widely expected to heed the warning and amend bills to remove cost and shelve bills that have significant state cost or burden.

CCWC is watching a variety of workers' compensation bills as they move through the Appropriations Committee. [SB 1205](#) (Laird), which requires the payment of temporary disability for time spent receiving medical care during work hours, would have a significant impact on the state general fund. The same can be said of [SB 1346](#) (Durazo), which would require the payment of temporary disability outside of the cap for all time between a UR denial and the IMR overturn of that denial. The Appropriations Committee bill analysis estimates the cost at over \$9 million in the first year. CCWC has worked with our coalition partners to make sure that the legislature has a clear understanding of the fiscal impact of these bills.

Bills that survive the appropriations process will have to pass off the floor in the house of origin by May 24. The legislature and Governor will grapple with the budget deficit as bills continue to move through the legislative process, but the legislature must pass a balanced budget by June 15 and the Governor needs to sign it into law by the start of the new fiscal year on July 1.

Does the March Primary Foreshadow the November General Election?

By Paul Yoder

How Low Can Turnout Go? Voter turnout in California for the March primary wasn't historically low, but it was close: 33.9%. This low turnout has pundits scrambling to figure out what the November turnout might really look like.

Does Turnout Really Matter? Well, Governor Newsom had \$12 million of campaign funds and really no organized opposition and still nearly lost his battle to revamp the behavioral health system and float a \$6.4 billion bond to add over 10,000 new beds in California for the severely mentally ill (Proposition 1). When over 7.2 million votes had been counted, Proposition 1 won by just over 26,000 votes - LESS THAN 1%!!!

What About Things Business Cares More About? Looking forward to November, employers should be aware that there are several initiatives of interest that have already qualified for the November 5, 2024 General Election. For example, one initiative would eliminate employees' ability to file lawsuits for monetary penalties for state labor-law violations. Another initiative would limit the ability of voters and state/local governments to raise revenues for government services. A third initiative proposes further increases in California's minimum wage. Lastly, it is rumored that the backers of an initiative to modify Proposition 47 (which, among other things, reclassified theft under \$950 as a misdemeanor) have gathered enough signatures to qualify it.

Your CCWC advocacy team believes that at least one of these could come down to not only who votes but who votes their ballot *thoroughly and completely*. Theories abound right now about whether greater numbers of Democrats or Republicans will be more likely to tune out rather than turn out given what appears to be the match up for President in November.

Any Major Changes in the Legislature? Short answer is no, longer answer is that in several high-profile races where it was a Democrat versus a Democrat, the more progressive member will now be in the November runoff (against a Republican) and probably easily win. You can already expect the 2025 legislative class to be just as unsympathetic to business on workers' compensation issues as the 2023 and 2021 classes.

Less Than Two Months Away From Jason and Paul Arguing in Pubic About All This and More! The political session at this year's conference will not disappoint. If you haven't registered yet for the 20th Annual Conference: Legislative & Educational Forum, presented by Sedgwick, [please do so today!](#)