Summary of Key Points From NCJW Ballot Party

Congregation B'nai Israel September 29, 2024

# What's Included In This Report

### Ten statewide propositions were reviewed

- Three leaders each covered a different set of propositions:
  - Cherie Dimmerling Propositions 5, 32, and 33
  - Laurel Hollis Propositions 2, 4 and 36
  - Barbara Milgram Propositions 3, 6, 34 and 35

### Each presentation covered the following:

- A simplified question summarizing the issue
- What will the proposition do
- The context for the proposition
- Who supports and opposes the proposition
- What supporters and opponents of the proposition say, and the impact on the State Budget
- Top funding from those in support of and in opposition to the proposition
- Spending numbers are fluid and change daily:
  - The numbers included here are accurate as of 10/2/24
  - While the actual spending is dynamic, the numbers reflect the concentration of where expenditures are coming from

Presented by Laurel Hollis

#### **How It Got On Ballot – Legislative Initiative**

#### **QUESTION**

Should voters let the state authorize \$10 billion in bonds to build new or renovate existing K-12 public schools and community colleges?

#### CONTEXT

- There is an urgent need to repair and upgrade California public schools.
- There are 10,000 K-12 schools and 115 community colleges.
- 38% of students attend schools that don't meet current facility standards.
- 25% of students attend schools with damaged walls, floors or ceilings.
- 14% of students attend schools with malfunctioning electrical systems.
- 15% of students attend schools with extreme deficiencies such as gas leaks, power failures, lead exposure, and structural damage.

#### WHAT IT WOULD DO

- Introduces new rules to help make small and low-property-value school districts more competitive in the required application process.
- Provides incentives for community colleges to build classrooms needed for career and technology programs (e.g., nursing, medical technology, green technology) and more ESL programs.
- Will help school districts build more classrooms and facilities (e.g., cafeterias and multipurpose rooms) for the new wave of Transitional Kindergarten students.

# Supporters Say

- California schools are in dire need of modernization.
- K-12 schools need to be made safer for students and have electrical systems compatible with new technology used at all grade levels.
- Community colleges are experiencing high enrollment in career fields and lack facilities to accommodate entering students eager to gain career skills.

# Opponents Say

- The current state budget should cover these programs.
- Approving laws such as providing health care to undocumented immigrants uses up monies that could be devoted to schools.

Impact on State Budget

Incurs debt to be paid back at \$500 million per year over 35 years.

WHO SUPPORTS	WHO OPPOSES
State Superintendent of Public     Instruction Tony Thurmond	<ul><li>Howard Jarvis Taxpayers Association</li><li>East Bay Times/Mercury News</li></ul>
<ul> <li>Association of California School Administrators</li> </ul>	Southern California News Group
California Labor Federation	
California Chamber of Commerce	
California Federation of Teachers	
California School Boards Association	
League of Women Voters of California	
Small School Districts Association	
SF Chronicle	
Sacramento Bee	

- Donors are concentrated among school and construction interests.
- A long list of smaller contributors in support of Prop 2 come from the construction industry.
- No reported contributions in opposition.

SUPPORT - \$4.94M	
Yes On Prop 2 – Californians For Quality Schools, Sponsored By Non-profit Education, Labor and Business Associations	\$1.5M
Yes On Prop 2 – Coalition For Adequate School Housing Issues Committee	\$1.5M
California Building Industry Association Issues Committee	\$1.0M
Members Voice of The State Building and Construction Trades Council of California	\$250K
Yes On Prop 2 – Community College Facility Coalition Issues Committee	\$200K
California Federation of Teachers	\$150K
California State Council of Laborers Issues PAC	\$150K
Four Contributors Each	\$100K
100+ Contributors	Less than \$100K

Presented by Barbara Milgram

#### **How It Got On The Ballot – Legislative Initiative**

#### **QUESTION**

Shall the State of California amend the California Constitution to recognize marriage between two people, regardless of their genders, sexual orientations, or races?

#### CONTEXT

- The California Constitution, through Proposition 8, says that only marriage between a man and a woman is legal.
- In 2015, the U.S. Supreme Court decided that it is unconstitutional to outlaw same-sex marriages anywhere in the United States and that same-sex couples must be treated the same as opposite-sex couples.
- California now allows same-sex marriages.

#### WHAT IT WOULD DO

- Enshrine the right to same-sex marriage into the California constitution, repealing
   Proposition 8 a measure approved by voters in 2008 that defined marriage as between a man and a woman.
- In practice, the ballot measure would not change who can marry.

# Supporters Say

- Prop 3 protects the right of people to get married regardless of gender or race.
- The California Constitution should affirm marriage equality, which is the law of the United States.

# Opponents Say

- There is no need to change California's Constitution because same-sex marriage is already legal.
- Prop 3 removes all rules for marriage, opening the door to child marriages, incest, and polygamy.

# Impact on State Budget

Prop 3 would have no change in income or costs for state and local governments other than the costs needed to place the measure on the ballot.

WHO SUPPORTS	WHO OPPOSES
Equality California	California Family Council
American Civil Liberties Union of Northern California	The American Council of Evangelicals
Planned Parenthood Affiliates of California	
California Democratic Party	
Gov. Gavin Newsom	
League of Women Voters of California	
California Labor Federation	
California Chamber of Commerce	
Marin Independent Journal	
Southern California News Group	
Sac Bee	
SF Chronicle	
Mercury News	

This proposition has a long list of financial supporters, with many contributing at lower levels.

	SUPPORT	'- \$4.18M	
Federated Indians Of Graton Rancheria	\$2.00M	Planned Parenthood	\$25.9k
Kevin De Leon For Lieutenant Governor 2026	\$600k	Senator Josh Becker Justice And Climate Ballot Measure Committee	\$21.0k
California Federation Of Teachers	\$300k	Ca Business PAC, Sponsored By Ca Chamber Of Commerce	\$15.0k
California Works: Senator Toni Atkins Ballot Measure Committee	\$250k	The San Francisco Foundation	\$15.0k
California Teachers Association / Issues PAC	\$200k	Eleni Kounalakis Ballot Measure Committee	\$10.0k
California Nurses Association	\$150k	Signal Hill Petroleum Inc.	\$10.0k
ACLU Of Northern California	\$101k	California Democratic Party	\$6.71k
Lesbian, Gay, Bisexual & Transgender (LGBT) Caucus Leadership Fund	\$100k	Planned Parenthood Affiliates Of California	\$6.51k
Planned Parenthood Advocacy Project Los Angeles	\$91.8k	California Dental Association Political Action Committee	\$5.00k
Human Rights Campaign	\$75.0k	Calretailers Issues Political Action Committee	\$5.00k
Seiu California State Council For Working People	\$50.0k	E-w Services\$5.00k Progressive Era Issues Committee	\$2.00k
Planned Parenthood Advocacy Project Los Angeles County - Yes On Prop 35 (Nonprofit 501(c)(4))	\$45.9k		
Planned Parenthood Of Orange And San Bernadino Counties' Community Action Fund Pac	\$42.8k		
Turo, Inc	.\$30.0k		

Proposition 4 – Bonds For Safe Drinking Water and Wildfire Protection

Presented by Laurel Hollis

### Proposition 4 – Bonds For Safe Drinking Water and Wildfire Protection

#### **How It Got On Ballot – Legislative Initiative**

#### **QUESTION**

Should voters let the state sell \$10 billion in bonds for various projects to reduce climate risks?

#### CONTEXT

- A majority in the Legislature approved these programs, but they couldn't be funded due to Budget cuts.
- Most funding will create grants and loans for local governments, Native American tribes, non-profits, businesses, and state agencies.
- Forty percent must go to activities that will help lower-income communities hit hardest by climate change.

### Proposition 4 – Bonds For Safe Drinking Water and Wildfire Protection

#### WHAT IT WOULD DO

- Invest in programs in these areas:
  - Drought, flood, and safe water supply
  - Forest health and wildfire prevention
  - Sea level rise in coastal areas
  - Land conservation and habitat restoration
  - Energy infrastructure
  - Parks (state and county)
  - Extreme heat mitigation
  - Farms and agriculture

# Proposition 4 – Bonds For Safe Drinking Water and Wildfire Protection /Funding

Supporters Say California faces growing threats from the effects of climate change.
 Investing in proven solutions now will save money and reduce human suffering in the future.

Opponents Say

- The goals identified should be funded within our current state budget.
- They also question the validity of "unproven technologies".

Impact on State
Budget

- Incurs \$10 billion debt to be paid back at \$400 million a year over 40 years.
- These bonds will reduce future risks and the cost of future disasters.

# Proposition 4 – Bonds For Safe Drinking Water and Wildfire Protection /Funding

- Funding is significantly lower than for other propositions.
- Most funding comes from environmental groups.
- No reported contributions in opposition.

SUPPORT - \$921K			
Committee for Clean Water, Natural Resources and Parks – Yes on Prop 4, sponsored by a Coalition of Environmental Advocates Across California	\$665K		
California State Parks Association	\$100K		
The Conservation Fund	\$100K		
Committee to Stop Big Oil, Prop 4, sponsored by Food and Water Watch	\$ 25K		

Presented by Cherie Dimmerling

#### **How It Got On The Ballot – Legislative Initiative**

#### **QUESTION**

■ Shall the ¾ voting requirement to pass local bonds be lowered to 55% when those bonds will fund certain affordable housing programs or certain public infrastructure projects?

#### CONTEXT

- Cities, counties and special districts can borrow money by issuing bonds and then repay it by increasing property taxes.
- The bond money can be used for projects such as building roads, fire stations and water treatment plants.
- It can also be used to help pay for housing for people with low incomes, people with disabilities, and those at risk of homelessness.
- Current law requires 66.7% of voters to vote "yes" to pass a local bond measure that will increase property taxes to repay the bonds

#### WHAT IT WILL DO

- Lowers the voting requirement needed to approve local general obligation bonds if they
  would fund housing assistance or public infrastructure from two-thirds to 55 percent.
- It requires local governments to take specific steps to monitor the use of bond funds to support housing assistance and public infrastructure.
  - For example, local governments would need to conduct annual independent financial and performance audits, and citizens' oversight committees would be appointed to supervise spending.

# Supporters Say

- It shifts local spending priorities away from state government, giving local voters and taxpayers the choice and tools to address the challenges facing their communities.
- Whether it's housing affordability, safer streets, more fire stations, or other community-driven projects, Prop. 5 empowers local voters to solve local problems.

# Opponents Say

- Changes the constitution to make it easier to increase bond debt, leading to higher property taxes.
- Shifting the financial burden from the state to local communities will increase costs for homeowners, renters, and consumers.
- Politicians wrote loopholes in Prop. 5, so "infrastructure" can mean just about anything.

# Impact on State Budget

- Increased local borrowing to fund affordable housing, supportive housing, and public infrastructure.
- The amount would depend on decisions by local governments and voters. Borrowing would be repaid with higher property taxes.

- Significant funding in opposition comes primarily from real estate industry
- Support for proposition primarily funded by Chan Zuckerberg.

SUPPORT - \$5M		OPPOSE - 29.7M	
Chan Zuckerberg Initiative Advocacy Yes On 5 (Nonprofit 501(c)(4))	\$2.50 M	CA Association Of Realtors	\$19.0M
Chan Zuckerberg Initiative, LLC (Mark Zuckerberg)	\$2.50 M	National Association Of Realtors	\$5.00M
NPH Action Fund	\$790 K	CA Association Of Realtors Issues Mobilization PAC	\$3.00 M
		California Business Roundtable Issues PAC	\$1.73 M
		CA Association Of Realtors	\$19.0 M
		National Association Of Realtors	\$5.00 M

Presented by Barbara Milgram

#### **How It Got On The Ballot – Legislative Initiative**

#### **QUESTION**

Shall the constitution be amended so that incarcerated people will no longer be forced to work?

#### CONTEXT

- Involuntary servitude/slavery is prohibited except as punishment for crime.
- However, incarcerated people are forced to work and can face retaliation (e.g., loss of phone privileges) if they turn down assignments.
- Incarcerated people currently work for pennies on the dollar.

#### WHAT IT WOULD DO

- Inmates cannot be punished with involuntary work assignments.
- Inmates cannot be disciplined for refusing work assignments.
- Inmates could get sentence reductions by voluntarily accepting work.
- The county or city could set up a pay scale for inmates in local jails.

# Supporters Say

- Prop 6 restores human dignity by ending forced labor, which constitutes slavery and violates human rights.
- Improves safety by focusing on rehabilitation.

# Opponents Say

- There are no official arguments against it.
- But the media says, "Why not" force people to work who have harmed society?
- Dept. of Corrections would set prison wages.
  - The state would need to pay incarcerated people minimum wage, costing taxpayers money.

# Impact on State Budget

- Budgetary impact uncertain possible point of contention
- Will depend on how rules about work for people in state prisons and county jails change.
- Any effect will unlikely be more than tens of millions of dollars annually.

SUPPORT	OPPOSE
ACLU California Action	Howard Jarvis Taxpayers Association
Anti-Recidivism Coalition	East Bay Times/Mercury News
California Democratic Party	San Diego Union Tribune
California Teachers Association	Pasadena Star News
California Black Legislative Caucus	
California Labor Federation	
League of Women Voters of California	
Sac Bee	
• LA Times	

- No funding in opposition
- Wide ranging groups supporting Prop 6

\$1.14M SUPPORT		
All Of Us Or None Action Network	\$345k	
Patty Quillin	\$250k	
Voter's Organized To Educate	\$120k	
Anti Recidivism Coalition	\$110k	
M Quinn Delaney	\$100k	
California African American PAC	\$80.0k	
Seiu California State Council Political Committee	\$50.0k	
ACLU Of Northern California	\$45.0k	
Legal Service For Prisoners With Children	\$29.9k	
ACLU California Action	\$6.18k	
Youth Power PAC, Sponsored By Powerca Action	\$4.47k	
California Democratic Party	\$2.03k	
Avila Farias For State Assembly 2024	\$1.00k	
Pico California Action Fund (Nonprofit 501(c)(4))	\$294	

Presented by Cherie Dimmerling

#### **How It Got On Ballot - Voter Initiative**

#### **QUESTION**

Shall the minimum wage be raised to \$18 an hour for all employers by 2026, and each year after 2026 be adjusted for the cost of living?

#### **CONTEXT**

- In 2022, California became the first state to establish a \$15 minimum wage, a figure long fought for by unions and restaurant workers.
- Labor activists say the state's sky-high cost of living makes this barely livable.
  - A single adult with no children must make at least \$20.32 an hour to afford the basics.
- Wealthy startup investor turned anti-poverty advocate Joe Sanberg first advocated for a \$18 minimum wage three years ago and poured \$10 million into a signaturegathering effort to qualify the measure for the 2022 ballot.
  - The measure included more gradual wage hikes starting in 2023.
  - The campaign missed a key deadline, pushing it to this year's ballot.

#### WHAT IT WOULD DO

- Raises minimum wage as follows:
  - For employers with 26 or more employees, to \$17 immediately, \$18 on January 1, 2025.
  - o For employers with 25 or fewer employees, to \$17 on January 1, 2025, \$18 on January 1, 2026.
  - The new law would not lower what is being paid to people who already earn more than \$18 per hour.
- State and local government costs could increase or decrease by hundreds of millions of dollars annually.
- State and local revenues likely would decrease by no more than a few hundred million dollars annually.

# Supporters Say

- Raises the minimum wage to \$18 so more workers can afford the state's cost of living.
- Will improve the standard of living for millions of workers and promote economic fairness.
- If people earn more, they can afford housing and food, which would make everyone better off.

# Opponents Say

- A flawed measure written by one multimillionaire alone
- It increases the cost of living, eliminates jobs, worsens our state and local government budget deficits, and makes California's complex minimum wage laws even harder for businesses and workers to understand.

# Impact on State Budget

- <u>Increase government costs</u> from higher wages for state and local government employees will increase government costs.
- <u>Possibility that state revenues would decrease</u>: The money the state collects from taxes will likely decrease because some businesses will make less money.
- <u>Possible savings</u>: If wages are higher, fewer people will qualify for health care and food programs, like Medi-Cal and CalFresh, which could save the state hundreds of millions of dollars to over \$1 billion a year.

SUPPORT	OPPOSE
<ul> <li>California Labor Federation</li> <li>Unite Here</li> <li>One Fair Wage</li> <li>Working Families Party California</li> <li>California Democratic Party</li> <li>League of Women Voters of California</li> <li>Mercury News</li> <li>SF Chronicle</li> </ul>	<ul> <li>California Chamber of Commerce</li> <li>California Restaurant Association</li> <li>California Grocers Association</li> <li>National Federation of Independent Business</li> <li>Howard Jarvis Taxpayers Association</li> <li>Pasadena Star-News</li> <li>Bakersfield Californian</li> </ul>

- Opposition stems primarily from retailers
- Most funding in support of the measure is from Sanberg, who is the individual behind getting this onto the ballot

SUPPORT - \$61	0k	OPPOSE - \$65	5K
Kevin De Leon for Lieutenant Governor 2026	\$600k	California Business PAC, Sponsored by CA Chamber Of Commerce	\$15.0k
Joseph N. Sanberg	\$9.82k	California Grocers Association Issues PAC	\$15.0k
		Calretailers Issues PAC	\$10.0k
		National Federation Of Independent Business	\$10.0k
		Western Growers Service Corp	\$ 10.0k
		California Restaurant Association Issues PAC	\$5.00k
		California Business PAC, Spons. By CA Chamber Of Commerce	\$15.0k
		California Grocers Association Issues PAC	\$15.0k
		Calretailers Issues PAC	\$10.0k
		National Federation of Independent Business	\$10K

Presented by Cherie Dimmerling

#### **How It Got On Ballot - Voter Initiative**

#### **QUESTION**

Should the Costa-Hawkins Rental Housing Act of 1995 (a state law) be repealed so local governments have authority to regulate rents, and apply them to single-family homes and on housing built after 1995?

#### **CONTEXT**

- Nearly 30% of California renters spend more than half their income on rent
- California has imposed limits on what landlords can charge via a law known as Costa-Hawkins.
  - o Cities cannot set rent control on single-family homes or apartments built after 1995.
  - And landlords are free to set their own rental rates when new tenants move in.
- To change that, tenant advocates have been fighting Costa-Hawkins for years, but so far, without success.
- They tried to overturn it with ballot measures in 2018 and 2020.
- Lawmakers also tried legislation. While those efforts failed, Governor Newsom signed a law in 2019 limiting annual rent increases statewide to 5% plus inflation.

#### WHAT IT WOULD DO

- Repeal the Costa-Hawkins Rental Housing Act of 1995, which prohibits rent control on single-family homes and housing built after early 1995.
- This would mean that local governments would be freer to create their own rent control rules and could apply them to single-family houses.
- Prop 33 would also stop the state from passing laws limiting local governments' rent control.
  - o This proposition would allow cities and counties to control rents for any housing.
  - They also can limit how much a landlord may increase rents when a new renter moves in.
- The proposition itself does not make any changes to existing local rent control laws.
- Generally, cities and counties must take separate actions to change their local laws.

SUPPORT	OPPOSE
AIDS Healthcare Foundation	California Small Business Association
California Democratic Party	California Rental Housing Association
Veterans' Voices	California Senior Alliance
California Nurses Association	California Council of Carpenters
CA Alliance for Retired Americans	California YIMBY
Housing is a Human Right	California Chamber of Commerce
Tenants Together	Sen. Toni Atkins
Consumer Watchdog	Assemblymember Buffy Wicks
Housing NOW	Howard Jarvis Taxpayers Association
• ACCE	LA Daily News
UNITE HERE Local 11	SF Chronicle
	Mercury News
	Sacramento Bee



- The rent is too damn high.
- One million people have left California.
- Rent control in America has worked to keep people in their homes since 1919.
- Teachers, police officers, and firefighters starting their careers are paying half their salary to live in many California cities, while others on fixed incomes are one step away from homelessness.
- Supporters argue rent control works well in many cities to help keep people housed.
- Passing Prop. 33 will return decisions about rent control back to local governments, which can pass tailored policies that work for their residents.



- Strict rent control ordinances will make California's already dire housing shortage even worse.
- They argue property values will drop, and developers will be less likely to build new housing, which, in turn, will drive up prices in existing rental units.
- Critics also point out the measure does not actually include protections for renters

Impact on State Budget

- The impact on renters and landlords would depend on how many properties are covered by rent control and how much rent increases are limited. Local governments and voters would decide on these factors.
- The impact on local budgets would depend on how many cities and counties pass rent control laws and what landlords do. The measure would likely reduce the amount of money cities, counties, special districts, and schools receive from property taxes. Cities or counties will also need to spend money to enforce rent control laws. These costs will likely be paid by landlords.

- A significant amount of money is being spent both in support of and in opposition to Prop 33
- The support is coming almost exclusively from the AIDS Healthcare Foundation
- The opposition stems mostly from the real estate industry.,

SUPPORT - \$41.8M		OPPOSE - \$106M	
Aids Healthcare Foundation \$41.1M		California Apartment Association	\$72.2 million
		California Association Of Realtors	\$19.0 million
		National Association Of Realtors	\$5.00 million
		California Association Of Realtors	
		Issues Mobilization PAC	\$3.00M
		Michael K. Hayde, Including Western	
		National Group & Affiliated Entities	\$1.90M

Presented by Barbara Milgram

### How It Got On Ballot - Voter Initiative

#### **QUESTION**

Should health care providers lose their licenses and be banned from receiving government contracts and grants if they fail to spend at least 98% of the money earned from the discounted sale of prescription drugs on direct patient care?

#### **CONTEXT**

- Medi-Cal providers offer discounted drugs through a federal program, subsidized by higher payments from private insurance patients. The money earned may be used for any purpose the provider chooses.
- While the proposition centers on drug costs, it is connected to housing policy.
- Politics are a driving force: Michael Weinstein, longtime president of the Los Angeles-based AIDS Healthcare Foundation, has made the organization a key player in state and local housing politics, displeasing some.
- AIDS Healthcare has poured millions into two unsuccessful rent control measures. Prop 33, on this year's ballot, is the third attempt.
- AIDS Healthcare has aggressively lobbied against legislation requiring local governments to permit denser housing
- In 2017, the foundation backed a partial moratorium on development in LA and sued to halt construction on residential high-rises.
- The foundation has amassed a sizable portfolio of rental properties in LA's Skid Row that have been saddled with complaints.

#### WHAT IT WOULD DO

- This proposition creates new rules requiring SOME providers to spend at least 98% of drug sales revenue on "direct patient care."
- If these providers do not spend at least 98% of the money on direct patient care, they
  could lose their licenses and be banned from receiving government contracts and
  grants.
- Who would this impact?
  - Only those who spend at least \$100 million on expenses other than direct care, own and operate apartment buildings and have had 500+ health and safety violations in the last decade.
  - This applies only to one organization: The AIDS Healthcare Foundation.

	SUPPORT		OPPOSE
•	California Apartment Association	•	The AIDS Healthcare Foundation
•	ALS Association	•	Consumer Watchdog
•	Assemblymember Evan Low	•	SF Chronicle
•	Howard Jarvis Taxpayers Association	•	San Jose Mercury News
•	California Chamber of Commerce	•	San Diego Union Tribune

## Supporters Say

- State can negotiate costs for Medi-Cal drug prices will be permanently lowered.
- Money from the discounted drug program will be used for direct patient healthcare.

## Opponents Say

- An attack by wealthy landlords against one healthcare provider (AIDS Healthcare Foundation) that supports rent control.
- Weaponizes the initiative process no group safe from retribution by wealthy opponents.
- Medi-Cal already has a discount drug program.

## Impact on State Budget

- Has limited statewide fiscal effects. Few entities would meet the conditions; the proposition's statewide fiscal effect (described below) would be limited.
- Proposition 34 would increase state costs to enforce the new restrictions.
- These costs would likely be in the millions of dollars annually.
- The state would cover this cost by charging fees to affected entities.

SUPPORT - \$29.8M		OPPOSE - \$1.2M	
California Association Of Realtors	\$29.5 million	Aids Healthcare Foundation	\$1.06 million
California Association Of Realtors Issues Mobilization Political Action Committee	\$250k	Renters and Homeowners For Rent Control Yes On 33, Sponsored By Aids Healthcare Foundation	\$110k
California Apartment Association	\$38.6k	Youth Power PAC, Sponsored By Powerca Action	\$4.47k
St. Anton Communities, LLC (Responsible Officer: Peter Geremia)	\$20.0kS	Pico California Action Fund	\$294
Glen Raft	\$2.50k		
Smith-Brennan Properties, LLC (responsible Officer: Andrew Smith)	\$2.00k		
Steve Talbert	\$2.00		

Presented by Barbara Milgram

#### How It Got On Ballot - Voter Initiative

### **QUESTION**

Shall the current, temporary tax on managed care organizations, which helps to fund Medi-Cal health services for low-income people, be replaced with a permanent tax, and shall new rules prevent those funds from being taken away from health programs and put into the general California state budget?

#### **CONTEXT**

- Today, more than 14 million Californians, roughly 1/3 of the state population use Medi-Cal.
  - o Services are provided through "managed care organizations" (MCOs) such as Kaiser or Anthem Blue Cross.
  - The federal government pays for 50-70% of the Medi-Cal program. California pays for the rest.
- Lawmakers have dramatically expanded Medi-Cal in the past 10 years to include all low-income residents regardless of citizenship.
- Over the same period, payments to doctors and other Medi-Cal providers have increased only incrementally if at all.
- California's reimbursement rate falls in the bottom third nationally. As a result, many providers won't treat Medi-Cal patients.
- The coalition of doctors, hospitals and clinics that gathered signatures to place this issue on the ballot want the tax revenue to go toward increased payments.
- It has driven a wedge between Gov. Newsom and some allies in health care. It also has fragmented segments of the medical community, which shares the goals of increasing low-income Californians' access to high-quality health care and ensuring providers are adequately compensated but disagrees on the best path to get there.

#### WHAT IT WOULD DO

- This initiative, sponsored by California's health care industry, aims to raise more money for Medi-Cal and prevent lawmakers from using the cash to avoid cuts to other programs. The tax will expire in 2026.
- A temporary tax that helps fund Medi-Cal would become a permanent tax on MCOs.
- Tax money would be required to support Medi-Cal and other health programs and could not go into general California state budget.



Will support health services that help low-income people.

• Increased funding will allow higher payments to healthcare workers and improve access to doctors and other health services for low-income people.

## Opponents Say

- No official argument against Prop 35 was submitted.
- Concerns center on idea that restricting how the tax revenue is spent could "hamstrings" future legislators and governors' ability to balance the state budget.
- Limits the discretion of lawmakers and reduces flexibility to respond to fiscal crises

### Impact on State Budget

- In a few years, funding for Medi-Cal and other health programs would increase by about \$2 to \$5 billion per year.
- State costs will increase by \$1 billion to \$2 billion annually to cover some existing Medi-Cal services not included in Prop 35.

Support	Oppose
California Medical Association	Gov. Newsom has indicated he will
Planned Parenthood Affiliates of California	oppose the measure, though there is no official registered opposition group.
California Hospital Association	League of Women Voters of California
California Dental Association	California Pan-Ethnic Health Network
California Primary Care Association	The Children's Partnership
California Democratic Party	California Alliance for Retired Americans
California Republican Party	Courage California
	Mercury News/East Bay Times
	SF Chronicle
	San Diego Union Tribune

## Proposition 35 — Funding

- Significant spending to support the proposition by the health care industry.
- There are no reported contributions that are in opposition to this.

SUPPORT - \$48.9M				
California Hospitals Committee on Issues, (CHCI) Sponsored By California Association of Hospitals and Health Systems (CAHHS)	\$15.0 million			
Global Medical Response, Inc. and Its Subsidiaries	\$13.0 million			
California Medical Association	\$10.4 million			
California Primary Care Association Advocates committee to protect patient access to care through community health centers	\$1.01 million			
Air Methods Corporation	\$1.00 million			
Altamed Health Services Corporation	\$1.00 million			
California Dental Association	\$1.00 million			
Family Health Centers Of San Diego	\$1.00 million			