



February 4, 2022

TO: State Association of County Retirement Systems
FROM: Edelstein Gilbert Robson & Smith, LLC
RE: **Legislative Update – February 2022**

General Update

The Legislature reconvened for the second year of the 2021-22 Legislative session on Monday January 3. In the first month of session, legislators focused much of their efforts on two-year bills that were still in their first house due to the House of Origin deadline on January 31.

The highest profile of these bills was AB 1400 (Kalra), a proposal that would have established single-payer healthcare in California. This proposal was anticipated to cost the state between \$314 billion to \$391 billion each year which far exceeds the annual state budget. The bill was accompanied by ACA 11, the constitutional amendment to pay for single-payer by proposing higher taxes on businesses, employees and high-earning individuals in the state. After much anticipation and debate, AB 1400 was not brought up for a vote on the floor because the author did not have the votes for it to pass. Consequently, the bill failed the House of Origin deadline and cannot progress further.

Legislators have until February 18 to introduce new legislation. Now that the House of Origin deadline has passed, we are seeing more introduced bills each day. As is typical for most years, more than 2,000 new bills will be introduced by the bill introduction deadline later this month.

2022-23 California State Budget

Governor Newsom presented January 2022-23 State Budget on January 10. Like last year, California is anticipating a record surplus. The Legislative Analyst's Office estimates the surplus at \$29 billion, excluding constitutionally required payments of \$13 billion for education.

The Governor's budget proposal includes \$8.4 billion in statutorily required contributions to CalPERS and \$3.7B for CalSTRS.

Legislative Budget Subcommittees are beginning to meet now and will continue to do so through the May Revision and into June. The final budget must be adopted by the Legislature by June 15. Because of the large surplus, it will be another busy budget

year as legislators and the Governor determine what proposals will make the cut into the final budget.

SACRS Sponsored Bill

The SACRS membership approved the SACRS proposed legislation at the Fall Conference in November.

As discussed in previous reports, half of the SACRS proposed legislation will be amended into an Assembly Public Employment and Retirement Committee annual omnibus cleanup bill. The remaining proposals will be introduced in a separate bill by Assemblymember Cooper, Chair of the Assembly Public Employment and Retirement Committee.

Both bills will be introduced prior to the bill introduction deadline on February 18.