



June 3, 2021

TO: State Association of County Retirement Systems
FROM: Edelman Gilbert Robson & Smith, LLC
RE: Legislative Update – June 2021

Many of our updates in the last year have focused on the challenges Governor Newsom has been facing. It isn't a stretch to say that he has held the office during the most challenging moment in history since World War II, and arguably ever.

Recently, though, things have finally been looking a little better for the Governor. As we noted in our last report, the state is enjoying record general fund surpluses in excess of \$75 billion, allowing the Governor to make progress on goals he set for himself in 2020 before the pandemic hit the state. Vaccination rates are up, infection rates are down, and the Governor is poised to "reopen" California to much fanfare.

Voters seem to agree. The latest polling shows that if the recall election the Governor will surely face later this year took place today, 57% of voters would vote to keep the Governor in office.

This Tuesday, the Governor's Department of Finance (DOF) requested California's Counties to fast track their cost estimates for conducting the recall election. The DOF is requesting the numbers by June 1 so that they can provide the numbers to the Legislature who can then appropriate funding for the election in the June 15 Budget.

Rough estimates suggest the recall election could cost as much as \$400 million. That's not chump change by any means. However, as stated above, the state has plenty of money in the budget to cover the cost. The Legislature could appropriate the funds any time before adjournment of session in September. So what's the rush to get the numbers?

The Recall of Senator Josh Newman

In November 2016, Senator Josh Newman surprised Sacramento by winning an election in a traditionally Republican held district in Orange County. However, Senator Newman found himself facing recall for his vote to increase gas taxes and registration fees to support transportation funding.

In an effort to help Senator Newman keep his seat, his Democratic colleagues in the Legislature changed election law so that his recall election would coincide with the 2018

June Primary Election when Democratic turnout would be higher. To do so, several timelines were built into state law.

First, once proponents have submitted enough signatures to qualify a recall, the Secretary of State must provide 30 days for supporters to withdraw their signatures. If the recall still has enough votes to qualify after 30 days, the DOF has 30 days to consult with County election officials to estimate the cost of the recall. Once they have an estimate, the Legislature has 30 days to review and comment on the estimate. Only after this can the Secretary of State certify the recall, at which point the Lieutenant Governor could call for the recall within 60-80 days.

Ultimately, Senator Newman was recalled despite the changes to election law (though he has subsequently won reelection and has now returned to the Senate). However, Governor Newsom is now locked into the same rigorous timeline. If it played out exactly as described above, the election wouldn't take place until the end of October or early November.

Senator Steve Glazer's Advice

Senator Steve Glazer, a moderate Democrat representing Contra Costa County, thinks Democrats should expedite the timeline and have the election sooner. His opinion shouldn't be dismissed by the Governor or his colleagues as the Senator is a former campaign strategist who orchestrated Jerry Brown's reelection in 2010.

Senator Glazer lays out five solid reasons the Governor would perform better if the election were held in late August or early September:

- The Governor holds the advantage right now. Not only does he have more money and more ability to raise money fast, he's more well organized. On top of that, things are looking good right now as discussed above.
- Peak wildfire season is just around the corner. The Governor can't control when a wildfire starts or how much blame he takes for it. An earlier election avoids that risk.
- When the Legislature adjourns in September, they will leave hundreds of bills on the Governor's desk, some controversial. An early election means the Governor won't have any signatures or vetoes hanging over his head just before the election.
- A dangerous variant of COVID-19 could erode California's progress before a later election.
- In September, the Governor will once again have to tangle with angry parents and teachers on different sides of the debate to reopen schools.

It's always hard to predict how an election will play out this many months in advance, but that's sort of the Senator's point. In his own words "The advantages of time are vastly outweighed by the vulnerabilities from the unknown — which he has no control over." It's a good point.

What Does This Have to do With DOF's Request for Expedited Cost Estimates?

The DOF has been very clear that it will take the time it needs, potentially up to the full 30 days allowed under the law, to provide reliable cost estimates to the Legislature.

That said, if the DOF can get the Counties to turn in expedited cost estimates by June 1, they and the Legislature will have a lot of cover to move more expeditiously.

The DOF could ask the Legislature to appropriate enough money in the June 15 budget to cover the cost of the election. That could pave the way for the Legislature to expedite its own 30-day review since they would have already appropriated enough funding to cover the cost in the Budget. In turn, that keeps the option open for an earlier election.