

# LEGISLATIVE UPDATE



Week of June 16, 2025

## State Issues

### State Budget

This week, all budget action happened behind closed doors. The Legislature passed their proposed budget last Friday which can find [here](#), with a good summary [here](#). The Legislature’s version of the budget relies more on borrowing than spending cuts to close the \$12 billion deficit, aiming to push off difficult decisions about priorities even though the Legislative Analyst’s Office is warning that the state’s deficit will grow in the next few years.

They must now negotiate a compromise; and, even before the votes were cast on the budget bill, Legislative staff were beginning negotiations with the Administration’s Department of Finance. Almost immediately, there were rumors that Governor Newsom was going to veto the budget bill and force the Legislature to work with him on a brand-new budget deal. That has not yet happened, so negotiations are ongoing. Most likely that rumor was just the Governor’s way of reminding the Legislature at the beginning of these negotiations that he has the ultimate power in the budgeting process.

The Governor has until June 30 to sign or veto the budget. Keep in mind that the Governor has the authority to line-item veto the budget. He may reduce or eliminate one or more items of appropriation while approving other portions of the bill. We’ve seen this in recent years and would make some sense, as the Legislature approved a budget several billion more than the Governor had wanted.

The Legislature and Administration are working on a tight timeline. They are hoping to come to an agreement in the next day or two, get that compromise in print by early next week, and vote on it on the Floor next Thursday or by Monday, June 30, at the latest. The Senate Budget Committee is set to hold a hearing on Wednesday, June 25, to vote on a series of Budget Trailer Bills – all of which are currently spot bills that will need to be amended before they are heard. One of these bills could become the Budget Bill Junior if there is a budget agreement.

We will continue to monitor for these bills to be amended, and in print, in the next few days. The Assembly does not yet have Budget hearings set for next week.

### Legislative Update

For bills that made their way through their respective house by the June 6 deadline, their process in the other house has just begun. Many authors had to make promises of amendments on bills to get the needed votes of their colleagues. For a number of measures, this week has been spent negotiating and finalizing those amendments. Bills are being set to be heard in their respective policy committees, with the policy deadline of July 18. Senate Health had only one bill heard in their meeting this week, and the Assembly had only a handful. Agendas will get more stacked in the coming

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Legislative Update (continued)	weeks, as bills come into shape. Next week, Senate Health has agendized several highly contentious bills, including AB 1460 (Rogers) seeking to regulate Pharmacy Benefit Managers and AB 1415 (Bonta), which seeks to increase the scope of the Office of Health Care Affordability.
Community Benefit	The Office of Health Care Affordability released new rules on how nonprofit hospitals must report their Community Benefit Reports. It is a requirement for each hospital to designate a contact person, sign up for their portal, and submit your plan to HCAI no later than 150 days after your fiscal year. There is also an opportunity for an extension, fine and/or appeal. Hospitals can access more information <a href="#">here</a> . HCAI notes that it has finalized <a href="#">resource documents and templates</a> to assist hospitals for the 2025 reporting period.
Health Committee Change	Assembly Member Dr. Joaquin Arambula was removed from the Assembly Health Committee this week without any press release or official announcement from Speaker Rivas' office explaining why. Dr. Arambula, the only physician on the panel, has had a rough relationship with the Speaker, since he threw his hat in the ring for the Speaker position, while Rivas was also vying for the job. However, his Health Committee removal is likely due to his No vote on the budget. He stated that he could not vote for a budget that cut health care to undocumented Californians, and said he was going to cast his first ever No vote on the budget. Freshman Assembly Member <a href="#">Jessica Caloza, D-LA</a> was appointed to fill his seat on the Committee. She is not carrying any health care legislation this year.

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