

LEGISLATIVE UPDATE



Week of April 27, 2026

State Issues

Warning for Legislators on State Deficit

As the release of the Governor’s May Revise Budget proposal comes in the next week or two, the Legislative Analyst’s Office is trying to educate the members of the Legislature on the State’s structural budget deficit and its implications. Both the LAO and the Administration have been warning of the impending deficits if tough budget decisions are not made. This, however, is an even more difficult task when revenues this year are higher than projected.

Revenue gains— driven by a strong stock market and investor enthusiasm surrounding artificial intelligence—have buoyed the state’s near-term budget picture, but a long-term imbalance will persist without significant policy changes. It is understood that structural deficits ranging from \$20 billion to \$30 billion annually are on the horizon if substantial adjustments are not made.

The LAO has released a new report that reviews the causes and fiscal impacts of the growth in State spending over the last few years. It can be seen as a warning sign for the Legislature as they begin budget negotiations. You can access the report [here](#).

Since 2019-20, General Fund spending has grown just over \$100 billion—from \$146 billion in 2019-20 to \$248 billion under the Governor’s budget proposal for 2026-27. Overall, the majority of growth is with just a handful of programs. The LAO notes that about 70 percent of this spending growth went to sustaining services that already existed in 2019-20 while 30 percent went to expanding or creating new services since that time. While education (K-12 – college) received the largest amount of the growth, health and human services programs, including Medi-Cal, represent all of the other top growing programs:

- Schools and community colleges (\$37 billion)
- Medi-Cal (\$25 billion)
- Department of Developmental Services (\$8 billion)
- In-Home Supportive Services (\$8 billion)
- Childcare (\$4 billion)
- Universities (\$3 billion)

This report is a warning to the Legislature. The ongoing state deficits strongly suggest that the state’s spending commitments and revenues is not sustainable. It goes on to say, “In retrospect, the state could not afford to sustain its existing services while funding the chosen suite of expansions and new programs under the same tax revenue structure.”

(more)

<p>California Clinics Sue SEIU Over Ballot Initiative</p>	<p>The California Primary Care Association (CPCA), representing 2,300 community health centers, announced that they have filed a lawsuit against Service Employee International Union – United Healthcare Workers West (SEIU) to force them to remove their sponsored initiative from the November ballot. The SEIU measure would require clinics to spend 90% of funding on direct patient care.</p> <p>In their press release announcing the lawsuit (attached), CPCA states that “Community health centers and clinics are strictly regulated by the federal government, including how clinics spend federal money on patient care,” said Joey Cachuela, General Counsel, CPCA. “Not only does this initiative threaten care for the most vulnerable among us, if passed, it would enact a state law that is preempted by existing federal law. We are filing this pre-election challenge and need the courts to act to prevent this drastic measure from ever going to the ballot. Patient lives are at risk.”</p> <p>Earlier this month, the union turned in more than 1 million signatures to qualify the “Clinic Funding Accountability and Transparency Act” for the ballot, nearly double the number of signatures required to place the proposal before voters. Cal Matters has an article with more information here: Should a California union dictate how clinics spend money? Employers sue to block ballot measure.</p>
<p>Governor’s Race: New Endorsement</p>	<p>This week, the California Medical Association (CMA) announced its endorsement of Xavier Becerra for Governor of California. In their announcement, CMA touts Becerra’s commitment to improving access to care, protecting patients and supporting physicians throughout his years of public service. “As our healthcare system faces mounting pressures, Xavier Becerra brings the leadership and experience needed to navigate complex issues and protect California communities.” In recognition of the endorsement, Becerra noted that he will “partner with physicians and other healthcare leaders to strengthen our workforce, reduce barriers to care, and ensure every Californian can get the care they need when they need it”. In February, the CMA had endorsed Congressman Eric Swalwell but rescinded that endorsement just a few weeks ago after his sexual assault allegations became public. Their statement removing their Swalwell endorsement noted that as physicians they are “guided by a duty to protect and care for others, and that responsibility extends... (to) the leaders we choose to support.”</p>

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From: Molly Weedn <molly@weednpa.com>

Sent: Thursday, April 30, 2026 3:44 PM

To: MOLLY WEEDN <molly@weednpa.com>

Subject: FOR IMMEDIATE RELEASE: Community Health Centers File Suit Asking Courts to Invalidate Dangerous Ballot Measure



For Immediate Release
April 30, 2026

Contact: Molly Weedn

Community Health Centers and Clinics File Lawsuit Asking Federal Courts to Invalidate SEIU-UHW's Dangerous Ballot Measure Targeting Clinic Patients

Dangerous initiative is preempted by federal law

SACRAMENTO, CA – Today, the [California Primary Care Association](#) (CPCA), along with [Open Door Community Health Centers](#), have filed suit against Service Employee International Union – United Healthcare Workers West (SEIU-UHW) to remove their unlawful and dangerous ballot measure that would negatively harm millions of California patients.

The initiative would create an exclusively state-operated auditing and penalty scheme preempted by federal law. The measure would impose rigid mandates dictating how community health centers can spend federal funds they use to provide patient care, which is beyond the power of California to enact by statute or ballot measure.

“Community health centers and clinics are strictly regulated by the federal government, including how clinics spend federal money on patient care,” **said Joey Cachuela, General Counsel, CPCA**. “Not only does this initiative threaten care for the most vulnerable among us, if passed, it would enact a state law that is preempted by existing federal law. We are filing this preelection challenge and need the courts to act to prevent this drastic measure from ever going to the ballot. Patient lives are at risk.”

The vast majority of California community health centers will be penalized under this unlawful scheme, despite federal government approval and oversight of their spending and operations. Moreover, the Initiative siphons federal money—including not only

appropriated funds but also Medi-Cal reimbursements—away from community health centers and into State coffers for the benefit of the Initiative’s real-party-in-interest, the proponent who is funding the Initiative.

CPCA brings this action on behalf of its 2,300 community health center member sites throughout the state, to preserve and protect clinics’ ability to continue delivering health care services in compliance with federal law. The action is necessary to protect against an unprecedented threat to patients.

“For more than 50 years, Open Door Community Health Centers has provided whole-person, whole-community care to Humboldt and Del Norte counties and we are proudly the largest pregnancy services provider in the region. This ballot measure would be crippling to access in the area. Our work is made possible by federal funding, as well as grants and awards that would be at risk through this measure,” **Tory Starr, Chief Executive Officer, Open Door Community Health Centers**. “We stand strong with the thousands of community health centers across the state who would be forced to reduce services, layoff staff, close health center doors and face billions of dollars in unnecessary fines if this measure were to pass. Simply put, this measure would have devastating consequences with serious downstream effects on public health and should be removed from the ballot before critical resources are required to be spent to defeat it.”

Community health centers are the primary source of care for California’s most vulnerable patients, as they are required by federal law to provide primary care and related services to all individuals that come through their doors, regardless of any individual’s ability to pay, insurance status, or individual circumstances. Community health centers served 6.2 million people in 2025, or approximately 1 in 6 Californians. Approximately 67% of these patients are Latino, Asian Pacific Islander, or Black. Sixty-seven percent (4.2 million) are enrolled in Medi-Cal.

“The Courts have made it clear that a preelection challenge such as this is appropriate and warranted when the initiative is plainly unconstitutional or unlawful. That is most certainly the case with this ballot measure,” **concluded Cachuela**.

About CPCA

CPCA represents more than 2,300 not-for-profit Community Health Centers (CHCs) and clinics that provide care for every person and strengthen every community throughout the state.

CPCA's membership includes community and free clinics, federally funded and federally designated clinics, rural and urban clinics, large and small clinic organizations and clinics dedicated to special needs and special populations. CPCA is designated by the Federal Bureau of Primary Health Care as the state primary care association and receives federal program support to develop and enhance services for member clinics.

About Open Door Community Health Centers

Open Door Community Health Centers was founded with a vision to provide excellent health care and health education to a part of California, at a time when the region suffered from a shortage of access.

Starting as a single clinic in 1971, Open Door now has 14 locations across Humboldt and Del Norte counties – a service area larger than the state of Connecticut – offering primary and dental care, counselling, pharmacy services, and community support offices, serving about 65,000 patients a year and employing almost 800 members of the community.

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