



# CALPEEK

## CALIFORNIA POLITICAL WEEK

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### **CAMPAIGN 2014: IF PROP 45 WINS, INSURANCE COMMISSIONER CAN REGULATE RATES**

Editor's note: If you thought the MICRA battle would be a costly campaign for both sides, then you haven't seen anything until you see what's happening with Proposition 45. It gives the insurance commissioner the power to regulate **health care insurance premiums**. Here's our first report and commentary on this measure..

...The two Proposition 45 rivals are Consumer Watchdog Campaign VS. Covered Calif. For the uninformed, Covered Calif. is the organization which works with the Affordable Care Act to provide health care insurance in Calif. The main trade association against Prop. 45 is the Calif. Assn. of Health Plans..

...This is a battle to allow current Insurance Comm. Dave Jones(D) to regulate health care premiums to make sure they are not gouging consumers. In other words, insurance companies selling health care policies in Calif. have to justify and get approval for rate hikes. It's a pretty good argument, but how come the State Legislature didn't pass this? They tried to pass a bill to give the insurance commissioner the power to regulate and the lawmakers rejected it, primarily because of Jones. They don't like him or trust him. That's why Consumer Watchdog went to the streets with this initiative...

...Covered Calif. officials question whether this Prop. 45 would force insurers to focus only on price at the expense of quality. And the NO side also notes that the Dept. of Managed Health Care already checks rate hikes...

...Consumer Watchdog doesn't buy that. "Health reform is requiring Calif. residents to buy insurance, but nothing in the law right now ensures they're paying a fair price," said Carmen Balbert of Watchdog...

...This will be a mega-buck campaign on both sides. The NO on 45 campaign has raised about \$25 million dollars so far, but the Secretary of State's website only shows \$11.9 million as of 3/31/2014. The official campaign group is called Californians Against Higher Health Care Costs. And already there are tons of consultants. CHC

Associates; Townsend Raimundo; Redwood Pacific PA; Kathy Bowler and Robin Swanson Communications. Former State Assemblyman Dario Frommer chairs the NO side of 45...

...Consumer Watchdog has raised a fair amount, two checks from the organization itself of \$75,000; and \$105,170 from the Committee for Corporate Accountability & Consumer Protection. Sources think there is a deep pocketed angel (maybe venture capitalist Tom Steyer) waiting in the wings. Jamie Court is president of Consumer Watchdog, the sponsor of Prop. 45. Stay tuned.

### **CAMPAIGN 2014: PEREZ REQUESTS A RE-COUNT IN CONTROLLER'S RACE WITH YEE**

Editor's note: More than 4 million votes were cast in the the primary. BOE member Betty Yee leads John Perez by a margin of only **481 votes** – statewide. Here's our analysis and commentary...

...Republican Ashley Swearingin, the mayor of Fresno, led all controller candidates with 24.8% and 1,001,473 in raw votes. Yee and Perez both finished with 21.7%, but Yee had 878,195 and Perez 877,714 – 481 votes. GOPer David Evans won 21% and Demo Tammy Blair got 5%. FYI: these number were as of 7/1/2014 at 11:13 a.m....

...In Sacramento, which insiders considered a bellwether county in Calif., Yee got 25.8%, Perez 20.7%, Swearingin 24.9% and Evans 17.9%...

...With so few votes separating Yee and Perez, it was politically smart for Perez to request a recount. It's an expensive process, but if Perez is successful, he would receive a refund...

...Yee and Perez will both have attorneys present for the recount, and possibly Swearingin too...

...So now it is wait & see. Calpeek.com spotted a story by Carla Marinucci in the S.F. Chronicle. Attached to her story about the controller's contest was 7/3/2014 article by Democratic strategist Garry South with this headline:

*Why the Calif. GOP will never, ever take Controller's seat...*

...*Calpeek.com* read the story. It starts with, "An objective analysis will show Yee is the better Democrat to face off against Republican Ashley Swearingin and is a heavy favorite to become Calif.'s next controller."...

...South writes the combined Demo vote was 54.1% vs. 45.9% for the two Republican candidates. "The last time a Republican was elected controller it was Houston Flournoy in 1970. Since then five Demos have served continuously: Ken Cory, Gray Davis, Kathleen Connell, Steve Westly and John Chiang."...

...South notes that if Yee is the Demo nominee, labor has "some making up to do with Yee." Swearingin doesn't get a pass as the only woman. And labor will bust its butt to see the controller's job stays in Demo hands because the controller sits on both the CalPERS and CalSTRS boards...

...Later in South's article he notes by Yee is a better general election candidate than Perez. Yee has been a member of the State Board of Equalization for the past six years. The BOE is the state's tax authority. And she was a deputy director of the Dept. of Finance. Neither Perez nor Swearingin has that experience. Both Swearingin and Perez tried to sell the fact that they had balanced budgets as qualifications. "The controller's job, to the contrary, is to manage the state's cash flows and reserves," South wrote. Stay tuned.....

**CAMPAIGN 2014: NOVEMBER BALLOT NUMBERS ASSIGNED BY CALIF. SECRETARY OF STATE**

Editor's note: So far there are six measures for the Nov. 4, 2014 general election ballot...

...There could be another change to the Water Bond measure. The number should remain the same, but instead of \$11.1 billion dollars, the amount will be sliced down – how much is not known at this time...

**Prop. 43. Safe, Clean, and Reliable Drinking Water Supply Act of 2012; submission to voters. AB 1422 (Chapter 74, 2012).** This bill would declare that it is to take immediate effect as an urgency statute and an act calling for an election...

**Prop. 44. State reserve policy. ACax2 1 (Resolution Chapter 1, 2014)...**

**Prop. 45. Approval of Healthcare Insurance Rate Changes. Initiative Statute.** This measure requires that health insurance rate changes be approved by the Insur-

ance Commissioner before taking effect...

**Prop. 46. Drug and Alcohol Testing of Doctors. Medical Negligence Lawsuits. Initiative Statute.** This is the MICRA reform initiative which would hike malpractice lawsuit caps from \$250,000 to \$1.1 million dollars...

**Prop. 47. Criminal Sentences. Misdemeanor Penalties. Initiative Statute.** Requires misdemeanor sentences instead of felony for petty theft, receiving stolen property and forging/writing bad checks when the value or amount involved is \$950 or less...

**Prop. 48. Referendum to Overturn Indian Gaming Compacts.** Stay tuned...

**CAMPAIGN 2014: POLITICAL SHORT TAKES**

Editor's note: Here's an update on local, legislative and statewide offices...

❑ 3<sup>rd</sup> District L.A. Co. Supervisor candidate Bobbie Shriver has been endorsed by West Hollywood Councilman John Duran, who finished 3<sup>rd</sup> in the June 3<sup>rd</sup> primary. It remains to be seen if Duran can get his supporters to vote for Shriver in November. My best guess is that many of Duran's supporters don't especially like former State Sen. Sheila Kuehl and that may translate into support for Shriver...

❑ State Sen. Rod Wright's sentencing has been delayed once again. A jury found Wright guilty of not living in his district...

❑ Long Beach PD Chief Jim McDonnell has been endorsed for L.A. Co. Sheriff by 1<sup>st</sup> District Supervisor-elect Hilda Solis...

❑ Huntington Beach Mayor Matthew Harper has endorsed Michelle Steel for 2<sup>nd</sup> District in Orange Co. Steel is running for supervisor. In addition Los Alamitos Mayor Gerri Graham-Mejia; Newport Beach Mayor Rush Hill; Seal Beach Mayor Ellery Deaton; Stanton Mayor Rioberto Ramirez; La Palma Mayor Peter Kim; Huntington Beach Mayor Matt Harper; Fountain Valley Mayor Michael Vo; and Cypress Mayor Leroy Mills have endorsed Steel...

❑ Dana Point Mayor Lisa Bartlett has been endorsed by a majority of the Aliso Viejo City Council. Bartlett is running for the 5<sup>th</sup> District. Among those endorsing the Dana Point mayor are Mayor Phillip Tsunoda, Councilmember Carmen Cave and Councilmember Ross Chun..

□ A 44<sup>th</sup> AD poll suggests Demo Jacqui Irwin is in a good position to win the coastal district. Irwin finished first with 45.5% vs. GOper Rob McCoy with 30.8% and GOper Mario de la Piedra with 23.8%. de la Piedra was backed by deep pocketed GOper Charles Munger Jr. as well as JobsPAC. These groups spent \$700,000 for de la Piedra...

...One might think that adding de la Piedra's votes with McCoy's vote might give him an edge. But McCoy could be Tim Donnelly's double. Exteme right winger who is not a good fit for the 44<sup>th</sup> AD...

...The 44<sup>th</sup> AD is a swing AD with a slight GOP edge in voter registration. But in an Irwin March poll, 74% of NPP voters consider themselves to be liberals or moderate. The survey was conducted by Goodwin Simon Strategic Research. One other factor: those Latino voters who voted for de la Piedra in the primary will side with Irwin in the general. Immigration reform will be an issue in November. McCoy is well connected to TX Gov. Rick Perry. He is pastor of the Godspcak Calvary Chapel in Newbury Park. The church contributed \$8,200 to McCoy's campaign. Stay tuned...

#### **IMMIGRATION BACK ON FRONT BURNER AS KIDS FROM CENTRAL AMERICA SEEK REFUGE IN U.S.**

Editor's note: The numbers are huge: 52,000 young immigrant children have crossed into the U.S. since October of 2012, some accompanied by a parent. They are leaving their homes in Guatemala, Honduras and El Salvador, where gang & drug lord violence and murder are common. These children are going through Mexico to get to the Southwest borders of the U.S.(Calif. Arizona, New Mexico and Texas). It is heartbreaking, but one has to remember these children who are in temporary shelters in such places as El Centro, Yuma, Tucson, El Paso, Del Rio, Rio Grande and Laredo – are in the U.S. on borrowed time. Here's our commentary and analysis...

...The problem with Guatemala, Honduras and El Salvador is that local police can't or won't protect these young children. The ones coming to Los Estados Unidos de America are not Mexican Nationals. They are refugees running away from war and life-threatening violence...

...Lots of speculation as to what or which groups are paying for the long walk. Some think Mexican officials are being paid off by the cartels to create havoc on the border. Others say the kids are going north on their own without any help from gangs...

...Politically, President Barack Obama is like the proverbial **deer caught in the headlights**. Obama is supposed to meet with Texas Gov. Rick Perry when the president travels to Dallas and Austin for fundrasing events July 9

and 10. The question which lots of news media are asking is, "Are you going to the border when you are in Texas?" The answer seems to be NO. Last Sunday Perry was on **ABC's This Week** and said the president was either inept or just doesn't care. FYI: Alan Long is the Mayor of Murrieta, where a big demonstration stopped a bus with kids onboard. Long blames the immigration bruhaha on Obama and the Congress...

...Lots of fingers pointing at those who are blocking efforts in the U.S. House to have an up or down vote on the U.S. Senate's comprehensive immigration bill. The bad guy is Speaker John Boehner. If something isn't done soon, the Republican Party is going to take a hit in November. That statement comes from mostly Demos, but some GOPers too, who realize that if Hispanic voters turn out in larger than expected, Demos could hold the U.S. Senate. The U.S. House isn't in play for the Demos in 2014, they could pick up some seats, but not enough to force a change...

...The most important thing for President Obama is to get the U.S. Congress to appropriate \$3.7 billion dollars to cover the mounting costs of this immigration fiasco. Stay tuned..

#### **CAMPAIGN 2014: U.S. HOUSE UPDATES**

Editor's note: Here are some items that appeared in print after the June 3<sup>rd</sup> primary...

☒ **Is GOP House Speaker Boehner Leading His Caucus over a cliff with this lawsuit stuff aimed at President Obama?** Sources on the cable news shows think the lawsuit (with no specific subject) will work to the Democrats' advantage. This kind of political flim-flam makes Speaker Boehner look like a buffoon...

☒ **10<sup>th</sup> CD Update** – Now that the dust has settled, Demo candidate Michael Eggman wants to have at least five debates with incumbent U.S. Rep. Jeff Denham. Denham strategist Dave Gilliard said, "We will be considering debate invitations for the fall campaign from legitimate organizations once the congressional calendar is set and we have a better idea of when Congress will adjourn."

...Response from Eggman spokesman Eric Goldman, "Both August and October congressional recesses are already set and weekends will continue to happen every Saturday and Sunday, as they always have. Unless Jeff Denham is planning to vote to shut down the government again, the congressional calendar won't change..."

☒ **33<sup>rd</sup> CD Update** - Calif. GOP gubernatorial candidate Neel Kashkari has endorsed gang prosecutor Elan Carr(R) for the U.S. House seat now held by retiring U.S. Rep. Henry Waxman....

...Democrat Wendy Greuel has endorsed State Sen. Ted Lieu for the 33<sup>rd</sup> CD. Greuel finished 3<sup>rd</sup> in the June 3<sup>rd</sup> primary. FYI: Lieu's 26<sup>th</sup> SD district covers 80% of the voters in the 33<sup>rd</sup> CD...

☒ **17<sup>th</sup> CD Update** – U.S. Rep. Mike Honda's campaign reported raising more than \$500,000 in the 2<sup>nd</sup> QT., from 4/1 to 6/30. The campaign also reported more than \$1 million dollars cash on hand. Honda was first elected to the U.S. House in 2000 and is a member of the House Appropriations Committee. Honda's Demo rival in November is Ro Khanna who got 21% of the primary vote vs. 40% for Honda...

☒ **31<sup>st</sup> CD Update** – Pete Aguilar(D-Redlands) said he is pleased the recount is over and he looks “forward to a spirited debate wiith Paul Chabot over how best to ensure a brighter economic future for the Inland Empire.” GOP candidate Lesli Gooch is the candidate who requested the recount. It lasted one day. Stay tuned...

#### **CAMPAIGN 2014: LIST OF CANDIDATES WHO WON PRIMARIES FOR CALIF. STATEWIDE OFFICE**

**GOVERNOR** – Jerry Brown(D) vs. Neel Kashkari(R).

**LT. GOVERNOR** – Gavin Newsom(D) vs. Ron Nehring(R)...

**ATTORNEY GENERAL** - Kamala Harris(D) vs/ Ronald Gold (R)...

**STATE CONTROLLER** – Ashley Swearengin(R); Betty Yee (D); and John Perez(D)...

**TREASURER** – John Chiang(D) vs. Greg Conlon(R)...

**INSURANCE COMMISSIONER** – Dave Jones(D) vs. Ted Gaines(R)...

**SECRETARY OF STATE** – Alex Padilla(D) vs. Pete Peterson (R)...

**BOARD OF EQUAL #1** – Chris Parker(D) vs. George Runner (R).

**BOARD OF EQUAL #2** – Jack Theis(R) vs. Fiona Ma(D)...

**BOARD OF EQUAL #3** - Jerome Horton(D).

**BOARD OF EQUAL #4** – Diane Harkey(R) vs. Nader Shahatit (D)....

**SUPERINTENDENT OF PUBLIC INSTRUCTION** – Tom Torlakson(Incum) vs. Marshall Tuck...

#### **SHORT TAKES: NEW JOBS & OBITUARIES**

Here are a few items you may have missed...

◆ A very sad note: Louis Zamperini died July 2<sup>nd</sup> of pneumonia. He was 97. *Calpeek.com* has written about this WWII hero before who survived 47 days on a raft in the

Pacific after his B-24 went down. He was a long distance track star at Torrance High School and USC. He was on the 1936 U.S. Olympic Team. While imprisoned by the Japanese he was beaten and tortured. The book of his life was called **Unbroken** and was written by best selliing author Laura Hillenbrand and a movie with Angelina Jolie directing will be released at X-Mas time. Can't wait. He was good friends with another 1936 track/sprinting star, Marty Glickman, who eventually became was one of the best radio sportscasters ever. When Glickman and others from New York heard the news of his probable death in May of 1943, they put together a long distance race at Madison Square Garden in Zamperini's honor. This race is mentioned on page 279 in Hillenbrand's book, but gets a bigger play in an HBO special about Glickman made a few years ago. Zamperini was supposed to be the Grand Marshal at the 2015 Rose Parade. The officials in Pasadena won't replace him, but maybe they could invite his two children. He'll be missed. If you haven't read the book, do so. R.I.P...

◆ Former Sacramento and DC lobbyist Tyrone D. Bland has joined L.A.-based Englander, Knabe & Allen as a Sr. VP in charge of water and infrastructure. He is an expert in Calif. water supply, riparian rights and systems reliability matters...

◆ Former P&G CEO and president Robert McDonald has been named by President Barack Obama to be Secretary of the Veterans Affairs. McDonald, 61, graduated from West Point, served in the U.S. Army in the 82<sup>nd</sup> Airborne. The VA operates the largest integrated health care system n the U.S. with 300,000 fulltime employees and about nine million vets enrolled for care. McDonald has a big task: turn the VA around...

#### **LATE BREAKING NEWS: RNC SELECTS CLEVELAND FOR NAT'L 2016 CONVENTION**

According to a story in the L.A. Times, Cleveland defeated five other cities, including Dallas, Denver, Kansas City, and Las Vegas. Dallas was the last city standing before the site selection committee picked Cleveland. Ohio is a key swing state that President Obama won in 2012. Four years ago, the RNC convention was held in Tampa—but opps, Mitt Romney lost Florida to Obama in 2012. On the other hand, the DNC in 2012 held their convention in Charlotte, NC, but Romney defeated Obama in NC. Calif. RNC official Shawn Steel was on the selection committee. Stay tuned...