



# California Policy & Politics

A PRIMER

2020-2021



**CAL  
MATTERS**

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## ABOUT CALMATTERS

CalMatters is a nonprofit, nonpartisan journalism organization founded in 2015 to cover California policy and politics. Based in Sacramento, CalMatters shares its work at no cost with news organizations across the state. To learn more about the essential work CalMatters does and how you can support it, please visit [CalMatters.org/donate](https://CalMatters.org/donate).

Sacramento, California  
December 2020

**O**ur mission at CalMatters is to help you understand the major issues in this big state and to learn the how and why and who about the decisions made by our policy leaders.

We have a staff of expert journalists around the state who spend each year reading reports, following bills and talking to elected leaders, advocates, experts and those experiencing the problems and changes to life in California.

In these pages we collect what we have learned and summarize California's major developments in the tumultuous and historic year of 2020. We're grateful to our close partners at [The James Irvine Foundation](#), who both suggested and funded the creation of this primer.

We hope it helps you learn a bit more about your state and that it informs or even inspires your participation in our democracy.

**– David Leshner**  
*Editor-in-Chief, CalMatters*





*People gather near the cliffs as the sun sets in Isla Vista, a student neighborhood near the University of California Santa Barbara, in December 2020. Photo by Max Abrams.*

# Introduction

**A**fter a record 118 consecutive months of economic expansion, 2020 opened in California with the highest of hopes. “By any standard measure, by nearly every recognizable metric, the state of California is not just thriving but, in many instances, leading the country, inventing the future, and inspiring the nation,” Gov. Gavin Newsom said in his [State of the State speech on Feb. 19](#).



*Gov. Gavin Newsom delivers his State of the State speech in February at the State Capitol. Photo by Anne Wernikoff.*

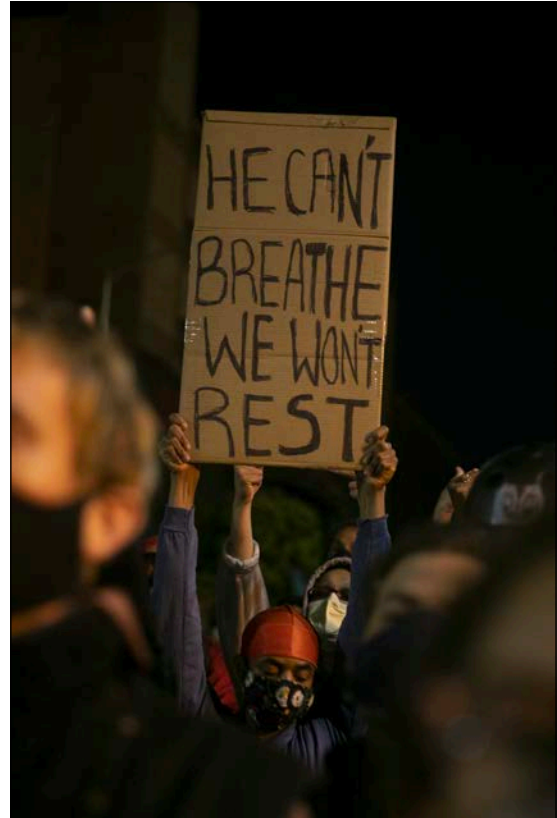
Nineteen days later, with three deaths and 55 cases of COVID-19 reported in California, he declared a state of emergency. Shutdowns ended 2.6 million jobs in about two months and quadrupled the state’s historic low unemployment. In all, the state would record about 2 million cases of the virus and more than 22,000 deaths in 2020.

There was relief when California’s first wave of the virus peaked at about 3,000 hospitalizations. But that peak doubled during a second wave in the summer and doubled again in the year’s third wave after Thanksgiving. Educators worried about permanent learning loss for school and university students forced to study from home. And while Wall Street set new records and California’s soaring home prices reached an all-time high in September, the bottom fell out for millions of low-income residents with many clinging to their homes thanks to a temporary moratorium on evictions.

In this calamitous year, parts of California were actually under three emergency declarations: for the virus, for wildfires and for widespread protests about racism and police abuse that saw many downtowns vandalized.

Starting in August – when California shattered heat records – parched land, high winds and dry lightning contributed to five of the state’s six largest wildfires ever. The biggest burned more than 1 million acres, double the previous record set in 2018. In all, a record 4.2 million acres burned in more than 9,000 wildfires.

Meanwhile, after the May 25 death of George Floyd at the hands of Minneapolis police, advocates hoped this was a threshold moment for meaningful change. California lawmakers passed legislation to ban chokeholds, investigate police killings, mandate diversity on corporate boards and establish a committee to explore reparations. As [polls showed](#) nearly 70% of Californians support Black Lives Matter and six in 10 say racism is a big problem, voters rejected a ballot measure to restore affirmative action.



*An Oakland protester. Photo by Anne Wernikoff.*

In this roller coaster year, California celebrated the historic election of its Senator and former attorney general, Kamala Harris, as the first woman and first woman of color to be vice president. It favored Joe Biden over President Donald Trump by a record margin of nearly 30 points. In December, Newsom appointed Secretary of State Alex Padilla to fill the Senate seat vacated by Harris.

But the year ended with renewed discussion about the decline of California exceptionalism. Two high profile companies [said they would relocate](#) from California to Texas, though five of the country’s eight most valuable companies remain in Silicon Valley. The state’s population growth saw its slowest rate in more than a century, and 32 counties actually shrank.





*The bear statue outside the governor's office sports a mask and is surrounded by signs encouraging social distancing during the last week of the legislative session in August 2020. Photo by Anne Wernikoff.*

# CHAPTER 1

# Administration

**T**his year, the second of his tenure, has been extraordinarily difficult for Gov. Newsom. He started with an ambitious agenda specifically targeting homelessness, ranked by voters as the state's No. 1 problem. When the virus hit, he moved more rapidly than many governors to shut the state, gaining broad public support when California's first wave peaked far short of the problems in New York. His poll rating, under 50% for all of 2019, jumped to 65% in May. By April, the [hashtag #PresidentNewsom](#) was trending on Twitter.

As the year ended, Newsom's [approval rating](#) remained high at 59% among likely voters. But anger over shutdown orders, combined with the governor's rule-breaking appearance at an [expensive dinner](#) with lobbyists, sparked a credible recall campaign. Backed by national Republicans, it collected nearly half the signatures needed to reach the ballot with months left to qualify.

In between, Newsom's credibility and authority were regularly challenged – by legislators, courts and local officials. When [controversy](#) surrounded millions of dollars of rapid spending to address the virus, legislators complained that decisions were not adequately transparent and demanded more accountability.

Later, more than 60 legislators, most from his own party, [complained](#) that Newsom wasn't doing enough to expedite much-delayed unemployment benefits to millions. A judge later ruled that Newsom overstepped his authority by issuing [executive orders](#) that create new law. Several mayors, sheriffs and other officials defied his shutdown orders, with [12 counties forming a coalition](#) to "restore representative democracy." [School superintendents](#) sought more guidance in reopening schools.

The difficulties took a toll on the administration, with many key leaders departing. [Ann O'Leary](#), a former Clinton White

“It is infuriating to hear stories of constituents going into debt to stay afloat because they have yet to receive any benefits.”

ASSEMBLYMEMBER  
DAVID CHIU



House official who sparked speculation about Newsom's presidential aspirations when she became his first chief of staff, announced in December that she was leaving. She was replaced by [Jim DeBoo](#), a lobbyist, campaign consultant and longtime advisor to Newsom.

Other administration departures in 2020 include:

- [Sonia Angell](#), director of the Department of Public Health. Angell resigned in August shortly after a data glitch caused the governor to incorrectly report progress on the virus. She was replaced in December by [Tomas Aragon](#), health officer for San Francisco.
- [Sharon Hilliard](#), director of the Employment Development Department, which struggled with a backlog of benefit payments and widespread fraud.
- [Ralph Diaz](#), director of the Department of Corrections and Rehabilitation, which managed one of the most severe outbreaks of the virus in prisons.
- [Nathan Click](#), communications director. Press Secretary **Jesse Melgar** was promoted to replace Click.
- [Anthony Williams](#), legislative secretary, and deputy cabinet secretary **Dan Seeman**. Williams was replaced by [Angie Wei](#), formerly the governor's chief deputy for policy and a leader at the California Labor Federation.
- [Lenny Mendonca](#), chief economic and business advisor. Mendonca was replaced in December by [Dee Dee Myers](#), former press secretary for President Bill Clinton and, more recently, a Warner Bros. executive.
- [Daniel Zingale](#), communications and strategy. Zingale was replaced in October by **Sahar Robertson**.
- [Daniel Kim](#), director of the Department of General Services, which managed procurement for virus equipment as well as housing for homeless.

Top leaders in the governor's [organizational chart](#) also include [Ana Matosantos](#), the cabinet secretary and state finance director under governors Arnold Schwarzenegger and Jerry Brown. [Keely Bosler](#) is the finance director, after serving as cabinet secretary for Brown. [Catherine Lhamon](#) is the governor's legal affairs secretary.



*California Capitol. Photo by Anne Wernikoff.*

# CHAPTER 2

# Legislature

**T**his was a much abbreviated and interrupted year for the state Legislature. In March, legislators recessed for [more than a month](#) due to the first wave of the virus. When they resumed, the Senate and Assembly differed on rules for conducting sessions in person or by video. They postponed the session again in summer during the second wave. After one Republican lawmaker tested positive in the final days, several from his party were forced to quarantine.

The tension erupted on a [final chaotic night](#) with a couple expressions of profanity and the procedural failure of the year's biggest housing bill even though it apparently had enough votes. The [landmark bill](#), which would have essentially erased single-family zoning and allowed denser housing, was sent to the Senate minutes before the session ended, too late for a vote, prompting a testy exchange between leaders of the two chambers.

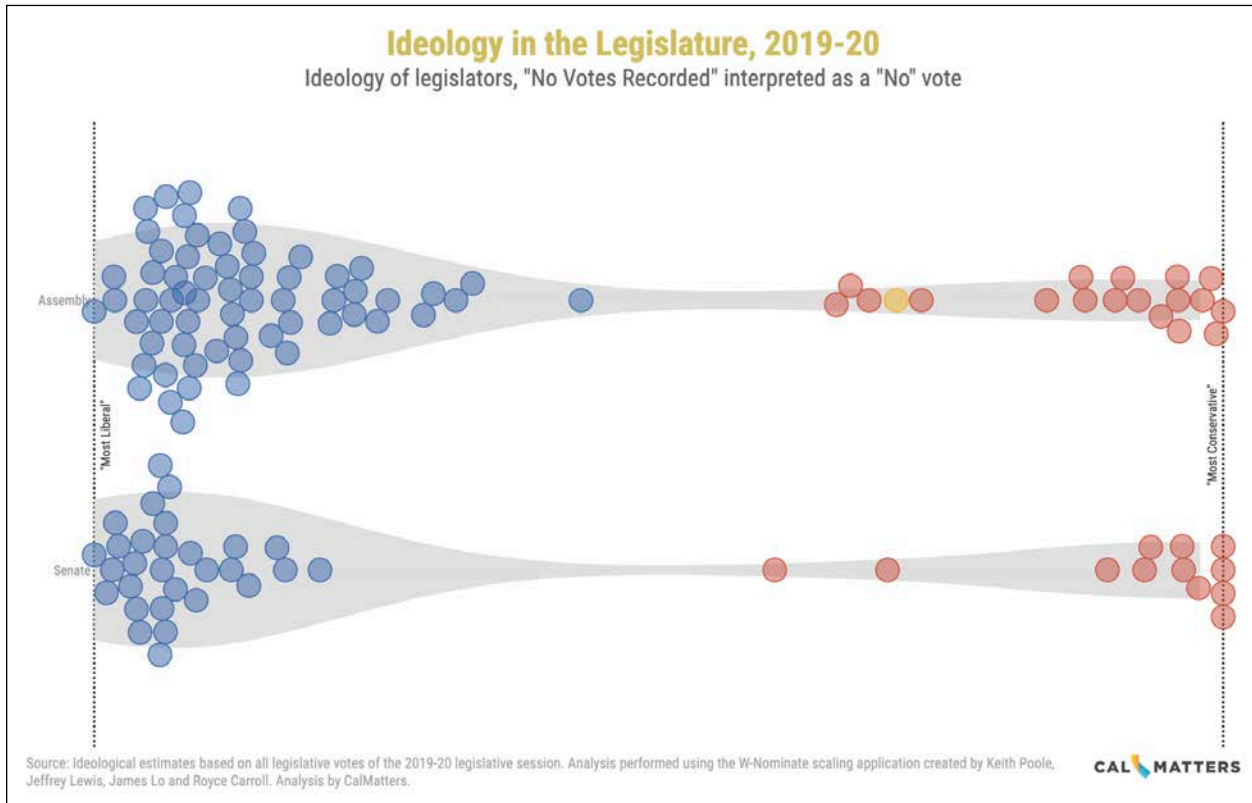
For some, the episode reveals a Legislature that has become [more fragmented](#) as the supermajority Democrats fight each other over [ideological fault lines](#) involving labor vs the environment; education reformers and teacher unions; law enforcement and communities of color; labor vs tech and single-payer health advocates against a better version of the current system.

On an [ideology spectrum](#), the Legislature has become more polarized in recent years with few Democrats especially near the center. But industries led by oil and gas, tech, health and realtors [spent heavily](#) on lobbyists and campaigns, pulling at the seams of key fault lines.



*Assemblymember Buffy Wicks, with her newborn baby and a mask, pauses for a photo by Assemblymember Cottie Petrie-Norris on the final night of the session in August. Photo by Anne Wernikoff.*





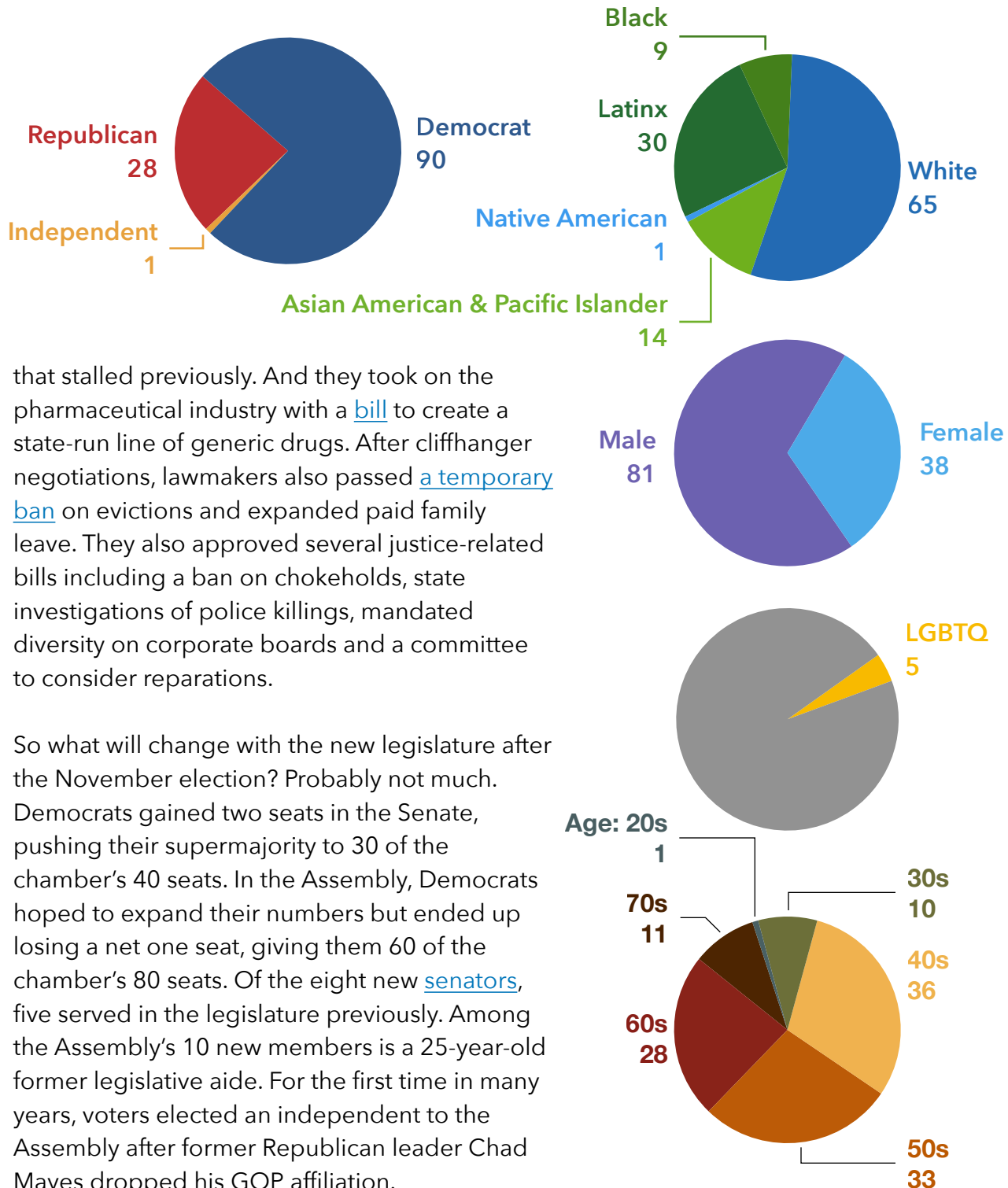
Where the members of the Legislature fell in the 2019-20 session, with Democrats in blue, Republicans in red and the one unaffiliated member in yellow. Each legislator is placed on the spectrum from "Most Liberal" at left to "Most Conservative" at right depending on the votes they cast during the session. Graphic by Ben Christopher.

Oil and gas companies [spent \\$7.4 million](#) to win four of their top five races, while realtors spent \$2.5 million for the same result. Meanwhile, labor unions for teachers and prison guards spent more than \$6 million, winning all but one of their top targets. The influence helps explain why the California Chamber of Commerce was able to kill 18 of the 19 bills it identified this year as "[job killers](#)." It was also seen in the clash over [justice-related bills](#) between law enforcement and civil rights advocates, particularly the rejection of a bill to decertify police officers guilty of misconduct. The demise of a [bill](#) to restrict single-use plastic packaging, food containers and utensils was also evidence.

Meanwhile, lawmakers did come together to pass a [bill](#) on mental health parity that insurance companies had blocked for years. They passed a ban on flavored tobacco

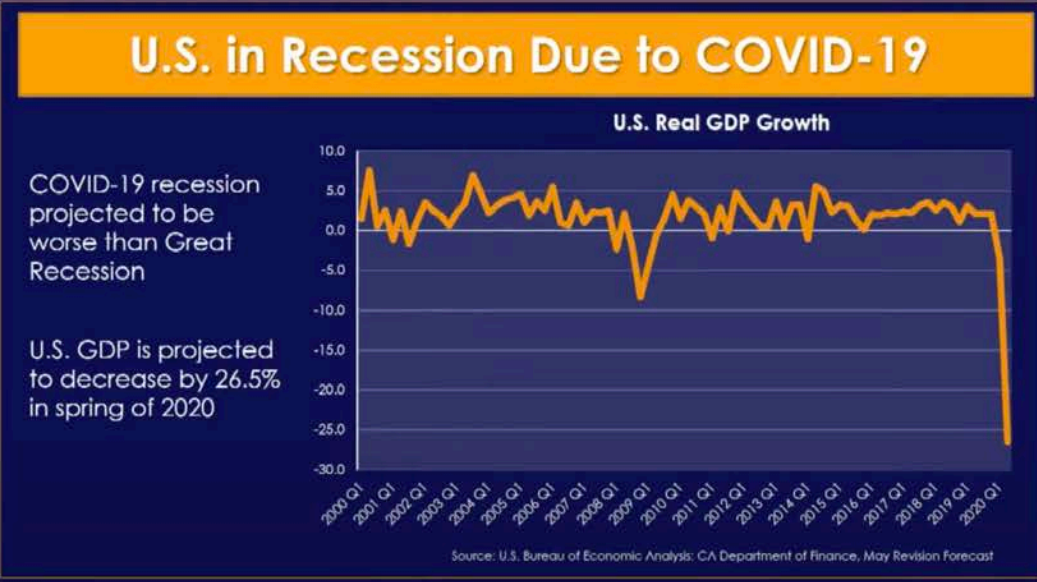
### Demographics of the 2021 California Legislature

Here’s how the 119 elected members of the Assembly and Senate break down. The 120th seat is vacant and will be filled in a special election in March.



that stalled previously. And they took on the pharmaceutical industry with a [bill](#) to create a state-run line of generic drugs. After cliffhanger negotiations, lawmakers also passed [a temporary ban](#) on evictions and expanded paid family leave. They also approved several justice-related bills including a ban on chokeholds, state investigations of police killings, mandated diversity on corporate boards and a committee to consider reparations.

So what will change with the new legislature after the November election? Probably not much. Democrats gained two seats in the Senate, pushing their supermajority to 30 of the chamber’s 40 seats. In the Assembly, Democrats hoped to expand their numbers but ended up losing a net one seat, giving them 60 of the chamber’s 80 seats. Of the eight new [senators](#), five served in the legislature previously. Among the Assembly’s 10 new members is a 25-year-old former legislative aide. For the first time in many years, voters elected an independent to the Assembly after former Republican leader Chad Maves dropped his GOP affiliation.



MORE VIDEOS

8:36 / 2:08:55

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# CHAPTER 3

# Budget



**A**s we know, in 2020, California's soaring economy fell from one of its highest highs to one of its lowest lows in just a matter of weeks. When he announced his \$222 billion [budget proposal](#) in January, Gov. Newsom declared, "California is stronger than ever today." He said California's economy, the fifth largest in the world, includes a gross domestic product of nearly \$3 trillion and annual growth of 3.8%, outpacing the nation as well as Texas and Florida; historic low unemployment at 3.9% and unprecedented budget reserves exceeding \$21 billion.

The governor's budget proposal [reflected the leader of a deep blue state](#): increasing investment in teachers and preschool; building toward his plan for universal healthcare by overhauling the state's Medi-Cal system and expanding coverage to undocumented seniors; outlining a \$12.5 billion, five-year plan for climate resilience and suggesting the state might close a prison.

At the top of his priority list, the governor dedicated the bulk of his [Feb. 19 State of the State address](#) to the crisis of homelessness. "Let's call this what

## California's 2020-2021 Budget

Enacted June 26, 2020

(In millions of dollars)

### General Fund Revenue Sources

	2019-20	2020-21	\$ Change	% Change
Personal Income Tax	\$95,566	\$77,567	-\$17,999	-18.8%
Sales and Use Tax	24,941	20,583	- 4,358	-17.5%
Corporation Tax	13,870	16,534	2,664	19.2%
Insurance Tax	3,052	2,986	- 66	- 2.2%
Alcohol Tax & Fees	385	389	4	1.0%
Cigarette Tax	58	56	- 2	-3.2%
Motor Vehicle Fees	31	40	9	27.4%
Other	1,842	11,758	9,916	538.3%
Transfer to/from the Rainy Day Fund	-2,120	7,806	9,926	468.2%
<b>Total</b>	<b>\$137,625</b>	<b>\$137,719</b>	<b>\$94</b>	<b>0.1%</b>

### General Fund Expenditures by Agency

	2019-20	2020-21	\$ Change	% Change
Legislative, Judicial, Executive	\$6,860	\$4,522	-\$2,338	-34.1%
Business, Consumer Services, Housing	1,262	341	- 921	-73.0%
Transportation	295	239	- 56	-19.0%
Natural Resources	3,770	3,616	- 155	- 4.1%
Environmental Protection	723	123	-600	-83.0%
Health and Human Services	41,925	44,808	2,884	6.9%
Corrections and Rehabilitation	13,444	13,353	- 91	-0.7%
K-12 Education	54,849	48,067	-6,782	-12.4%
Higher Education	17,067	15,795	-1,272	-7.5%
Labor and Workforce Development	186	159	- 27	-14.5%
Government Operations	2,333	1,578	-755	-32.4%
General Government:				
• Non-Agency Departments	1,098	908	- 190	-17.3%
• Tax Relief/Local Government	505	1,182	676	133.9%
• Statewide Expenditures	2,616	- 781	-3,407	-130.2%
<b>Total</b>	<b>\$146,933</b>	<b>\$133,900</b>	<b>-\$13,033</b>	<b>-8.9%</b>

Source: [California State Budget](#)

it is," he said. "A disgrace." Newsom estimated there are more than [150,000 homeless](#) in California. His budget added \$1.4 billion for homeless services including emergency rentals and care for the mentally ill.

## DEFICITS AND RECESSION

Nineteen days later, on March 4, Newsom declared a state of emergency in response to the pandemic. By May, more than 5.4 million unemployment claims were filed and [\\$18 billion](#) in benefits paid, growing to [\\$107 billion](#) by November. Newsom's revised budget proposal in May claimed a \$54.3 billion deficit and a four-month swing of \$60 billion. The adopted budget in June pulled back about [\\$6 billion](#) in new spending that Newsom announced in January. But partly through [deferrals, borrowing from special funds and spending reserves](#), it [largely protected](#) K-12 schools and assistance for the homeless and elderly.

The budget plan was also contingent on about [\\$14 billion](#) in federal relief lawmakers hoped Congress would provide. The federal relief did not arrive by November, but the greatest fears about further budget cuts were alleviated with the Legislative Analyst's [projection](#) of a one-time "windfall" for the year of about \$26 billion. It turns out, the pandemic-caused recession heavily impacted lower-income workers, but incomes for wealthier Californians grew with stock prices hitting historic highs, especially in the California-based technology sector.

Just four months earlier, the adopted budget assumed unemployment would reach 25%. Instead it peaked at about 16% and dropped to [8.2%](#), although still higher than the [7% rate](#) nationally. A few weeks after the LAO projection, [Newsom predicted](#) a more modest \$15.5 billion "windfall."

“Our decade of strategic budgeting and saving (allows) us to help guide this state through this historic public health and economic pandemic.”

SENATE BUDGET CHAIR  
HOLLY MITCHELL

California cities, meanwhile, continued to struggle. The \$2.2 trillion CARES Act, passed in March, provided some relief to local businesses and some [money directly to cities](#). But local leaders said it wasn't enough and the third wave of virus in November [threatened permanent damage](#). The hard-hit tourism industry predicted a "tsunami" of hotel closures and Disneyland began laying off 32,000 workers. Los Angeles projected a deficit of [\\$675 million](#), slightly higher than the shortfall in San Francisco.

In 2010, 45 of California's 58 counties had more money than they owed. But in 2020, 55 counties owed more money than they had. Transit agencies got [\\$3.7 billion](#) in the CARES Act, but it wasn't enough to cover ridership losses of 60 to 90%. LA's Metro predicted \$1.8 billion in 2020 losses and [BART forecast](#) a 2021 deficit of \$177 million.

Meanwhile, state retirement funds were buffeted by the recession and internal conflicts. CalPERS, still recovering from the Great Recession, lost \$69 billion in March. To speed its recovery, it planned to [borrow \\$80 billion](#) at low rates to increase its investment portfolio and to enter the market for [private debt](#), a move critics called desperate. "There isn't a no-risk choice," a CalPERS executive said. Later, amid controversy, the agency's chief investment officer [resigned](#).





*Patricia Mendoza, a single mother of two at the southwest tip of California in Imperial Beach, lost her job as a medical transport driver at the start of the pandemic. Photo by Nigel Duara.*

# CHAPTER 4

# Economy & Unemployment

**E**ven with a soaring economy before the pandemic, California continued to struggle with rates for poverty and inequality that were among the nation’s highest. A January [PPIC report](#) said nearly 7 million Californians lacked resources to meet basic needs and about just as many were living on the brink of poverty. All told, more than a third of the state’s residents were poor or near poor.

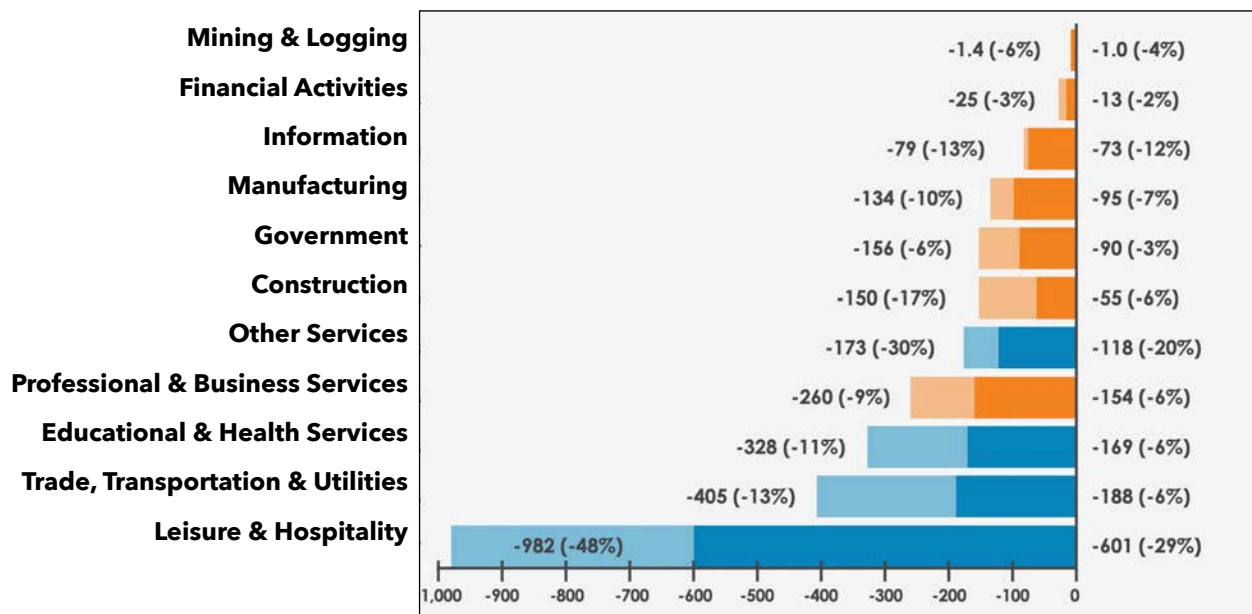
That PPIC report also found California’s level of income inequality exceeded that of all but five states. Incomes for top earners was 12 times that for low earners – and growing. Upper incomes grew 60% since 1980 compared to 20% for low incomes. The pandemic made all of those problems worse.

“Now we’ve seen not just the weakness in our medical pandemic preparedness, but also the weakness in our economy. We’ve seen the weakness that comes from our inequality. We’ve seen the weakness in our food supply.”

**LOS ANGELES MAYOR  
ERIC GARCETTI**

### California Jobs by Industry Relative to February 2020

Lighter shades correspond to April and darker shades correspond to September. Blue bars represent low-wage sectors.



(Thousands of Jobs)

Source: [Report of the Task Force on Business & Jobs Recovery](#)

Timely data is limited, but we can see more than 2.6 million California jobs were lost in two months and only a third of those were restored by August. At the time, white unemployment was 13% compared to 15% for Latinx and 20% for Blacks. Meanwhile, while the state unemployment rate dropped to 9% in September, it remained near [14%](#) in Los Angeles and [12%](#) in Bakersfield.

The federal jobless assistance programs were a significant help to California's recovery, providing [\\$600 a week](#) in state and federal unemployment benefits from April through July. With stimulus checks, a worker could [earn](#) as much as \$1,050 per week, less than the state's 2018 median income but more than some areas. When Congress failed to extend the program, President Trump authorized \$300 payments for an additional six weeks. Much of the stimulus support from the federal government expired in the second half of the year. Shortly before Christmas, Congress passed an additional \$900 billion stimulus bill that was estimated to bring about \$50 billion to [California](#), mostly for unemployment and direct relief checks.

## WORKFORCE RESPONSE

State lawmakers considered plans to supplement the federal relief. There was wide debate about a new ["millionaires tax"](#) to generate about \$6.5 billion. Meanwhile, Sen. Bob Hertzberg championed a \$100 billion state stimulus plan funded by loans and tax credits, but no tax increases. Both ideas failed.

In the much-shortened legislative session, however, perhaps the biggest step lawmakers took to support workers and the unemployed was the decision to avoid cuts to key assistance programs. The state budget continued to fund a substantial expansion to the Earned Income Tax Credit that was passed in 2019, and it extended

“We’re talking about folks who are doing extremely well in California while the rest of California hurts. This affects less than 0.5% of tax filers in the state.”

ASSEMBLYMEMBER  
MIGUEL SANTIAGO

*Los Angeles Democrat, and author of a bill to help the unemployed by taxing the wealthy*



eligibility to undocumented filers with a child under five. CalWORKS, the state's welfare program, was also funded with the time limit extended from 48 months to 60. Despite the recession, lawmakers also continued plans to raise the minimum wage to \$15 per hour by 2022.

In seeking to protect workers who might be exposed to the virus, lawmakers did pass [a bill](#) that requires California employers to notify their employees of COVID-19 cases, as well as alert county public health departments. Still, in order to protect employers, California was much less transparent about workplace infections than [neighboring Oregon](#). After [COVID-19 outbreak](#) among guest workers that sickened more than 350, Cal/OSHA, responsible for workplace protections, adopted [new requirements](#) for farmworker housing and transportation. But by November, the state's worker protection agency was deluged with more than 7,300 workplace complaints about illness and death related to the virus.

With no additional funding, officials said most complaints were handled with a letter to the employer. "We thought that the use of these letter inspections, while not as effective as an in-person inspection, was going to allow us to triage and then reach the most workers that we possibly could," the agency's chief said.

In April, Newsom announced a [Task Force on Business and Jobs Recovery](#) co-chaired by philanthropist and businessman Tom Steyer and the governor's chief of staff, Ann O'Leary. The group included more than [100 members](#) from government, labor groups and businesses. Newsom [defended](#) the group after it was criticized for doing much of its work behind closed doors and after Disney CEO Bob Iger [quit over tension](#)

“Our recently released report embraces the fundamental truth that a strong and resilient economy must have equity at its core – prioritizing communities too long left behind, who are now the ones most affected by COVID-19 and the pandemic-induced recession.”

CALIFORNIA LABOR  
SECRETARY JULIE SU

“While California is the world's fifth-largest economy, our rising tide has not lifted all boats. We are simultaneously the richest and poorest state. ... The COVID crisis laid bare the fragility of our economy and the lives of those excluded from it.”

GOVERNOR'S TASK  
FORCE ON BUSINESS  
AND JOBS RECOVERY

about reopening plans for amusement parks. In November, it issued a [final report](#) that emphasized an economy with equity at its core, “prioritizing [communities](#) too long left behind.”

In [December](#), Newsom said the task force informed state programs to assist businesses including more than \$35 million for a California Rebuilding Fund and extending some tax deadlines.

On workforce issues, the year also saw a landmark change in rules describing contract workers or employees. Voters passed Proposition 22 on the November ballot after gig companies like Uber and Lyft spent a record \$205 million to exempt their companies from Assembly Bill 5, which would have changed their workers from independent contractors to employees with new job securities and benefits. The [measure](#) requires ride-hailing and delivery apps pay an hourly wage that is 120% of the local or statewide minimum wage, but the rule only applies to times when passengers are in the car, prompting opponents to say the hourly wage is less than the minimum. Labor groups and opponents of the measure said [they will challenge parts of the law in court](#) and look to the incoming administration of Joe Biden, who endorsed AB 5 during the campaign.

## EDD DISASTER

As the state struggled to help vulnerable workers, it also watched a disaster unfold at the Employment Development Department, which passes unemployment benefits to workers. The department was quickly overwhelmed with [1-in-4 California workers](#) filing unemployment claims, falling weeks behind in benefits to desperate jobless workers.

By June, just 51% of claimants received benefits in two weeks. By July, Newsom convened a strike team that issued a [report](#) in September citing the agency’s

“They told us to be patient and wait because they’ve been working so hard to get us paid in a timely manner. It’s June 1. I have no money for food and bills. The EDD keeps adding new extensions and programs, but tells those of us stuck and waiting nothing.”

**ROBERT GOODE**

*A laid-off waiter in Sacramento waiting three months for benefits.*

technical problems and untrained staff. Soon after, the agency [paused](#) its benefit process for two weeks to reduce a backlog of about 1.6 million claims. At a legislative hearing, employment agency workers said they were working seven days a week, 14 hours a day. “Saying people are stressed is an understatement,” [one worker said](#).

Problems at the state agency go back decades, but they were recently exposed when the Great Recession surfaced serious flaws with the outdated computer system. Despite [promises](#), little was done to improve it. “We’ve seen this movie before,” Assemblyman David Chiu said in August. “There’s been failure after failure after failure.” A bipartisan letter to Newsom signed by 61 legislators demanded immediate action. In October, the director of the employment agency said she would [retire](#).

But serious problems continued in November regarding fraud. First, Bank of America, which manages debit cards for benefit payments, [blocked service](#) to about 350,000 accounts that were flagged. Then, [prosecutors said](#) California may have paid up to \$1 billion in fraudulent claims to prison and jail inmates in “the most significant fraud on taxpayer funds in California history.” The total amount of fraudulent payments was estimated at about [\\$4 billion](#).

## ECONOMIC FORECAST

Looking ahead:

- The [Legislative Analyst](#), despite its late November forecast of a \$26 billion windfall, said the state will see an operating budget deficit that will grow to \$17 billion by 2024. It cautioned about the extreme uncertainty in predicting economic conditions.
- A forecast from [Bank of the West](#) said in

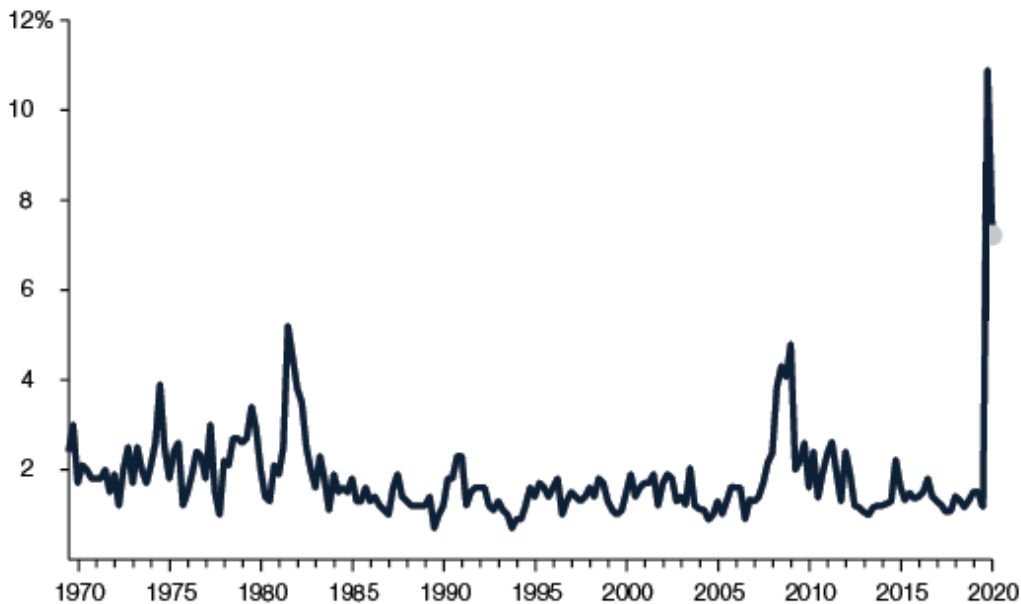
“A host of unknowns cloud the state’s economic outlook... These unknowns create an unprecedented degree of uncertainty about the economic outlook. This uncertainty is evidenced by the wide range of opinions among economists about where the economy is heading.”

LEGISLATIVE  
ANALYST’S OFFICE

## Disagreement on Economic Future is Historically High

*Range of professional forecasts of U.S. unemployment rate a year ahead*

In the third quarter 2020 release of the Survey of Professional Forecasters, the difference between the most pessimistic unemployment rate forecast for the third quarter of 2021 (12.5 percent) and the



Source: [Legislative Analyst's Office](#)

September the state regained about a third of the 2.6 million jobs lost. But it also predicted that 25% of the job losses could be permanent, leading to “a rise in loan defaults, evictions, food insecurity and homelessness.”

- In contrast, by December, [UCLA Anderson](#) said to prepare for “a gloomy COVID winter and an exuberant vaccine spring,” followed by robust growth for some years. The forecast predicts annualized growth nationally to accelerate from 1.2% in the current quarter to 1.8% in the first quarter of next year, then to a booming 6% in next year’s second quarter and consistent 3% growth each quarter thereafter into 2023.

“With a vaccine and the release of pent-up demand, the next few years will be roaring as the economy accelerates and returns to previous growth trends.”

**LEO FELER**

*A senior economist with the UCLA Anderson Forecast*





*Daveion Harris, a student safety ambassador at Sacramento State, wipes down the entrance of a building on campus to help prevent the spread of COVID-19. Photo by Rahul Lal.*

# CHAPTER 5

# Health &

# COVID-19

**A**t the end of the year, California was experiencing its third wave of coronavirus cases. The state's first case was reported on January 25. More than a month later, the governor declared a state of emergency, closing amusement parks and sporting events. On March 19 he issued a statewide shelter in place order and an early eviction moratorium was adopted. In daily press conferences, the governor described a massive effort to obtain Personal Protective Equipment (PPE) and ventilators as well as additional hospital staff and capacity. The governor won credit for sparing the state with quick action since hospitalizations in California's first wave peaked at about [3,400 in April](#) compared to more than [18,000 in New York](#). Newsom's [approval rating](#), under 50% for all of 2019, jumped to 65% in May.

Soon, however, the rapid response and a few missteps created tension in the Capitol and in the public.

By June, California issued roughly \$3 billion in no-bid contracts for masks, ventilators, call center workers and other supplies. But legislators soon learned the [rapid spending](#) included payments to "a medical equipment supplier that was once raided by the FBI; a business executive fined for making false or misleading statements; a corporation fined for Medicaid fraud and at least two companies that existed less than a week." In a report to the Legislature in August, the [Legislative Analyst](#) recommended greater oversight of the administration after \$5.7 billion had been spent on the virus response, saying "the actual use of funds is uncertain."

Meanwhile, thousands of people angry at the governor's shutdown orders began protesting in May. The tension contributed to several counties losing their public health directors including [Orange County](#), where the director resigned due to death threats and her successor lifted the

“This pandemic is like a high-speed train, and our projections tell us that we are on target to derail by the third week of December if we don't apply brakes right now.”

**DR. SARA CODY**

*Santa Clara County's health officer*

county's mask mandate. By late May, Newsom reopened beaches and eased the metrics counties could use for reopening, granting waivers to some counties that didn't meet the state standards. But the standards relied on adequate testing and contact tracing even though tests were so unavailable they were being rationed. Test results were also taking so long that authorities said contact tracing in many places was not "realistic."

The problems contributed to a second California wave in the summer, peaking July 21 at more than [7,100 hospitalizations](#), about double the number in the first wave. Polls showed more than 60% of Californians believed the state opened too early. In August, the director of the state's public health department [resigned](#) after the department knew of a data glitch three days before Newsom provided the faulty statistics in a press conference. The top deputy in the state health department resigned a few weeks earlier. As the [third wave climbed](#) in December, hospitalizations in California exceeded 15,000, doubling again the number in the second wave.

## HARDEST HIT

Among the many hotspots for the virus in California, three groups of people were especially alarming: Latinos, people in nursing homes and people in prisons.

In late May, a transfer of 121 inmates to San Quentin turned into the most infectious U.S. [prison outbreak](#). By December, the prison system was reporting more than 20,000 [inmate infections](#) with more than 80 deaths, 28 at San Quentin. Hundreds of more infections were reported by corrections officers. To reduce the spread, prison authorities released more than 21,000 [inmates](#). Even then, a federal appellate court ruled in October that the San Quentin population would need to be reduced further "to the 50% level."

Among the elderly, more than [74% of the deaths](#) have been among those over 65 even as they make up just over 10% of COVID-19 cases. The disparity is especially clear in [nursing homes](#), which report just 6% of the state's COVID-19 cases but 34% of its deaths. The coronavirus has been particularly deadly in [skilled nursing facilities](#), where residents are older and live in relatively close quarters. Nearly 4,800 residents and 154 staff at skilled nursing homes in California have died from COVID-19, representing 27% of the state's overall COVID-19 deaths.

“I am not convinced that shutting down, reopening and shutting down again is effective.”

LOS ANGELES  
COUNTY SUPERVISOR  
JANICE HAHN

Latinos make up 61% of California's COVID-19 infections and more than 48% of deaths even though they represent about 39% of the state population. Several reasons have been cited: a large number of multi-generation households, high rates of chronic diseases like diabetes and a disproportionate number of front-line workers. Newsom directed about \$75 million in aid to undocumented Californians and an additional \$50 million was expected from philanthropic efforts. But getting the message out was one of the biggest concerns. The state launched a [Spanish language ad campaign](#), Listos California, along with county health officials and Spanish-language media. It also [provided hotel rooms](#) for infected or exposed farmworkers, but participation was modest.

Other health policy in 2020:

- **Mental health:** California was poised to become a national leader on mental health after the governor signed a [bill](#) that significantly expands the mental illnesses that insurance companies are required to cover, notably including substance use disorder and addiction. Lawmakers have tried to expand so-called “parity” laws for years, but faced a stiff challenge from insurance companies. Newsom, who pledged to make mental health a priority, also signed a [bill](#) supporting state standards for Peer Support Specialists, increasing access to help from those who have lived experiences with mental health or substance abuse.



- **Drug prices:** The governor also signed a [bill](#) that could make California the first state to develop [its own line of generic drugs](#). The legislation directs the state to partner with drug companies to make or distribute a range of low-cost generic drugs. An early target is [insulin](#) for diabetics: Prices doubled between 2012 and 2016 and it makes up nine of the state's 25 costliest drugs.



Protesters rally in Salinas June 1, 2020. Photo by Kate Cimini.

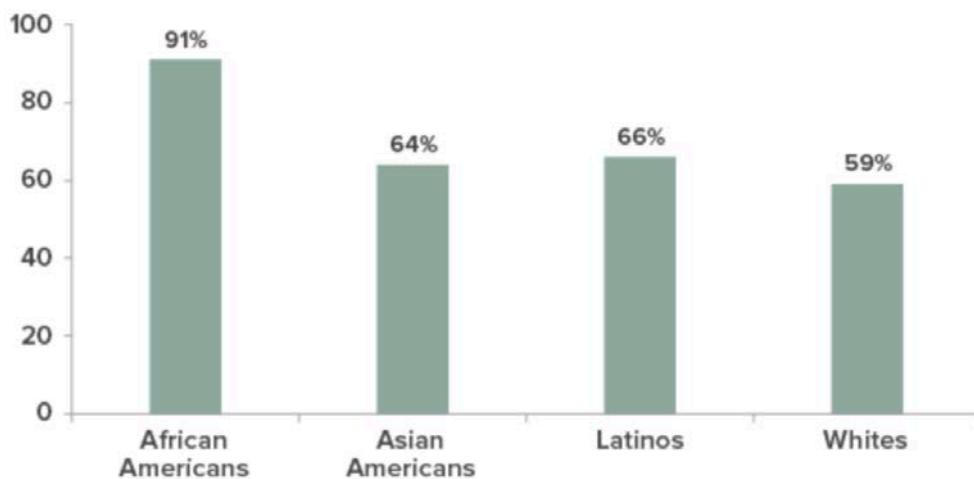
# CHAPTER 6

# Justice

**A** week after the May 25 death of George Floyd at the hands of Minneapolis police, Gov. Newsom ordered a second official state of emergency statewide for the coronavirus and another in Los Angeles County in response to protests highlighting racism and calling for police reform. After several nights of arson, looting, vandalism and violent clashes between protesters and police, National Guard troops were deployed in several cities including Los Angeles, Sacramento and Oakland.

While [the governor told](#) “those who seek to exploit Californians ... you are not welcome,” he and other state leaders also sided with the protesters. “For those of you that are out there protesting ... you are right to feel wronged,” he [said](#). The governor, legislators, community leaders and advocacy groups proposed a series of reforms, hoping this was a threshold moment that would trigger meaningful change. Polls showed [most Californians support Black Lives Matter](#), although support was weakest among whites. Majorities also consider racism a big problem and believe the criminal justice system is biased against Blacks. But when the Legislature

### Percentage of people in a July 2020 statewide survey who said the system is biased against African Americans



Source: [PPIC Statewide Survey, July 2020](#)

adjourned, the record of policy change on justice issues was mixed.

The justice related bills that [passed](#) in the Legislature would:

- Require the state Department of Justice to independently investigate some police killings
- Ban law enforcement from using chokeholds and neck restraints
- Close California's Division of Juvenile Justice, shifting the responsibility for youth offenders from the state to counties
- Wipe away debt owed by parents for the costs of their children's incarceration in the juvenile justice system
- Establish a reparations committee to recommend ways the state could compensate African Americans for slavery and its consequences
- Mandate diversity on California corporate boards
- Expand jury pools and limit the [removal](#) of jurors without cause
- Require California State University [students](#) to take an ethnic studies class

The significant [legislation](#) that failed would:

- Decertify police officers found guilty of misconduct or crimes, preventing future employment in California law enforcement.
- Make more police misconduct records available to the public.
- Prohibit police from using tear gas or rubber bullets on demonstrators.

Newsom also vetoed a bill that would have made a course in ethnic studies a high school graduation requirement. He said continuing disagreements about a model curriculum should be resolved before a mandate.

The November ballot also included four propositions related to justice issues, two placed there by the Legislature. Despite the heightened attention to



discrimination, voters rejected the Legislature's attempt to reinstate [affirmative action](#), which was banned in college admission and government hiring by voters in 1996. They also rejected a law passed in 2018 that would eliminate [cash bail](#) because it discriminates against the poor. They approved the Legislature's proposal to let those serving on [parole vote](#) or run for office. And they rejected law enforcement's attempt to [toughen penalties](#) for property crimes and parole violations while making it more difficult for convicted felons to qualify for early parole.

The year was also marked by efforts to defund the police even as cities saw an increase in violent crime.

[Los Angeles](#) projected about 300 homicides in the calendar year, more than any time since 2009. Authorities blamed the trend on a cratered economy and social stress related to the pandemic. A gang intervention worker also blamed a spike in gun ownership partly funded by stimulus checks. By October, Oakland's 79 homicides were [more than 30% higher](#) than the total for the two previous years. And in Fresno, the police chief said shootings were [double the previous year](#).

By August, more than a dozen cities nationwide voted to [decrease](#) police funding including Los Angeles, San Francisco and Oakland. As the debate about defunding became a [campaign](#) issue, [Los Angeles](#) said it will downsize specialized units, including robbery, homicide, gang and narcotics; stop responding in person to traffic collisions; move 234 officers back to patrol, reduce hours at stations and stop staffing homelessness issues. Feelings about the defunding issue were mixed. When Vallejo cut its police force from a high of 150 to 80 following recession, the Washington Post found a ["dramatic surge"](#) in killings by police. In [Sacramento](#) and [Fresno](#), city leaders increased the police budget.

“I want you to know I care. We care. I don't want to just demonstrate that rhetorically. I want you to know that I have a unique responsibility to prove that to you. You've lost patience, so have I. You are right to feel wronged. You're right to feel the way you are feeling.”

GOV. GAVIN NEWSOM

June 2



*Christine Hernandez, left, and Jayda Garlipp, right, in front of their home in Oakland in October. Hernandez and her family moved into the apartment building without signing a lease two years ago. With the help of the Bay Area Community Land Trust, they bought the property. Now she is on her way to becoming a radical real estate lawyer. Photo by Ray Chavez, Bay Area News Group.*

# CHAPTER 7

# Housing & Homelessness

**D**espite the recession, home prices in California continued to climb rapidly, hitting a [record high](#) median price in September of \$712,430, up almost \$100,000 since [February](#) and more than double the national median price.

The year began with high hopes for significant legislation to address California's housing crisis, with lawmakers hoping to pass subsidies and regulations that would encourage more home building and lower costs. Senate President Toni Atkins [said on the floor](#) in January: "I want to personally commit to each and every one of you, and to the people of California, that a housing production bill to alleviate our housing crisis will happen this year."

In the end, Sen. Scott Wiener, a leader on housing issues, said 2020 was another ["anemic year for housing."](#) His third attempt to pass a plan for greater housing density near transit centers failed in January. In May, Sen. Atkins introduced five bills to increase production, but none passed. The demise of the biggest bill in the package, allowing single family-zoned neighborhoods to build duplexes or four-plexes, was blamed on squabbling among Democrats after it passed from the Assembly to the Senate without enough time for a vote before the session ended.

Legislators did pass a last-minute plan to prevent renters from being evicted during the pandemic, although it was a compromise that Democrats called a bridge to next year when they hoped for another round of federal stimulus spending. The [eviction deal](#) prohibits landlords from using missed rent payments to evict tenants suffering financial hardship from COVID-19. Those renters must still pay 25% of their rent, and they remain liable for their full rental debt.

“There were house challenges, and you know the overarching NIMBY opposition, and then you had the stop and start of a shortened legislative session overlaying everything, and so it was a recipe for an anemic year for housing.”

**SEN. SCOTT WIENER**

*Democrat from San Francisco*

The year ended with a [scathing report](#) from the state auditor saying California “is failing to build enough affordable homes” because it “does not have a clear plan describing how or where its billions of dollars for housing will have the most impact.” It added that state authorities had mismanaged and ultimately lost \$2.7 billion in bond funds that had “little scrutiny” and that authorities “failed to publicly disclose and struggled to explain.” It said the money could have built thousands of affordable homes.

Despite attempts by the governor and Legislature to boost construction, it continued to move in the wrong direction through 2020. In the first three quarters, [residential permits](#) were down nearly 10% from 2019 with multi-family units down nearly 20%. Privately and publicly, [Newsom](#) administration sources say policies already in place have yet to kick-in, referring to recent state rules forcing local governments to allow more housing.

## HOMELESSNESS

The homeless crisis in California was a top priority before the pandemic. The governor said the state has spent more than \$1.5 billion in the previous two years to help more than 150,000 homeless in California, with a disproportionate number of Blacks and Latinos. He said Black Californians comprise 8% of L.A. County’s population, but 42% of its homeless. The 150,000 [estimate](#), however, is based on a point-in-time count from January 2019 that many consider to have grown with the recession and the reduction of prison populations.

When the pandemic hit, the homeless

“The loss itself, the lack of transparency, and the staff’s inability to account for the loss of resources we observed... indicate that a holistic strategy to maximize and measure the impact of affordable housing resources is sorely needed in the State’s housing plan.”

**STATE AUDITOR**

*On \$2.7 billion loss of affordable housing funds*

“The hard truth is we ignored the problem... Most of us experienced homelessness as a pang of guilt, not a call to action. ...It became normalized.”

**GOV. GAVIN NEWSOM**

*State of the State speech, Feb. 2020*



remained a top priority for the state, but plans changed. Federal stimulus money enabled the state to reimburse counties that provided more than [22,000](#) with temporary hotel and motel rooms under a program Newsom called Project Roomkey. Homeless advocates lauded the program as an unprecedented effort to quickly accommodate such a large population, especially those most vulnerable to the virus.

In July, Newsom announced [Project Homekey](#), allowing counties to apply for more than \$835 million in grants to fund permanent housing for the homeless. [Newsom](#) said in October the project would create 6,055 units in 93 projects and 48 jurisdictions with an average per-unit cost of \$138,512, well below the average cost in California.

But in many places, there was also local [opposition](#) to permanent housing for the homeless. Marin County voted against accepting a Homekey award, and a Sacramento project died due to disagreements and litigation. As winter approached with no additional federal money, thousands who were accommodated by the temporary housing available from Project Roomkey were being returned to the streets. The Department of [Social Services](#) said in November many who took advantage of the program were under quarantine for 14 days. Meanwhile, many of the 11,000 who remained in Roomkey hotels are from at-risk populations.

“ The hard truth is we ignored the problem... Most of us experienced homelessness as a pang of guilt, not a call to action. ...It became normalized. ”

**GOV. GAVIN NEWSOM**

*State of the State speech, Feb. 2020*



*Rebecca Hill with her children Kyla, 5, left, and Kaden, 7, right, at their home in Chico. Rebecca says she works hard to balance education with safety. Photo by Salgu Wissmath.*

# CHAPTER 8

# Education

**S**chools shut down in March to stem the spread of the coronavirus, and most campuses remained shuttered nine months later, with students expected to participate in online lessons.

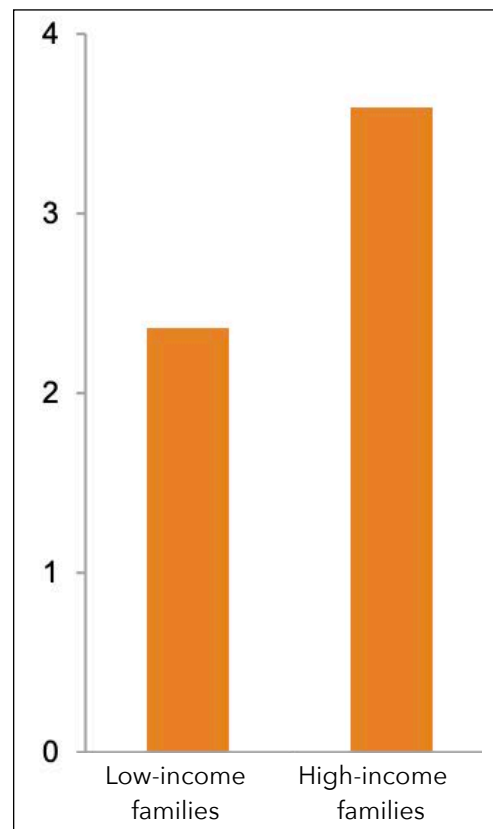
It is [near-impossible](#) to determine exactly how many of the state's 6.1 million K-12 students are learning in person versus online because schools are not required to report that information. And though the state is tracking outbreaks in schools, it is one of only 11 states that has not published data on school-related cases. In testimony, health officials said they were encouraged that only two outbreaks involving 17 cases of infection have been identified at schools that reopened as of November. But most of the state's 25 largest school districts remained in remote learning.

In June, state Superintendent of Public Instruction Tony Thurmond [issued a 62-page checklist](#) for schools to consider for fall instruction. The rules said schools can reopen with safety precautions if they are in a county that has remained out of the "purple" or "widespread" category for virus transmission for two weeks. In many places though, schools meeting that standard remained in remote or "hybrid" learning models out of concern from teachers, parents and educators.

By fall, as schools were forced to shift once again with a surge in virus cases, complaints about the lack of direction from the state were expressed by state legislators, mayors and school superintendents.

Assemblymember Lorena Gonzalez said ["data becomes useless"](#) if the state is not tracking how many schools have reopened. In October, the mayors of the state's 13 largest cities [sent a letter](#) to Newsom and Thurmond expressing impatience with the pace of

**Hours Per Week of Live Teacher Contact**  
Spring 2020



Source: [Public Policy Institute of California](#)

school reopenings and called for state officials to take a stronger hand. And in November, seven urban school superintendents [called on](#) Gov. Newsom to adopt and pay for more stringent, uniform health and safety requirements. The Legislative Analyst also recommended the state do more to track cases and help schools respond.

In addition to the lack of data, the concerns included:

- [COVID-19 testing](#): Problems involved cost, availability and guidance. In July, the state recommended school employees be tested once every two months but there was no requirement and nothing about students. State officials said a new testing lab should make testing more available.
- [Reopening costs](#): State officials said school districts got \$6 billion in state and federal funds for reopening costs, but some school officials said that one-time funding wasn't enough.
- [Confusion](#): Superintendent Thurmond addressed confusion about rules that allow schools to remain open in counties that slip back into the purple category even as other schools in the same county are not allowed to open.
- [Inequity](#): Concern that the pandemic will increase the state's academic [achievement gap](#) between at-risk and better-off students. More than [500 private schools](#) reopened with state waivers compared with roughly four dozen public school districts and charters. Whereas most public schools must show they have support from teachers unions for reopening and remote learning, private schools that mostly operate without organized labor "don't have to have that conversation," one superintendent said.
- [Absenteeism](#): While limited data was available, districts said many students are not participating in

“ Ideally the best place for kids is in school and that's where they get the best kind of learning. But that's the ideal. I don't think we should just forge ahead without regard to safety, just because we know that's what our ideal is. I think we have to deal with the real. ”

STATE SUPERINTENDENT  
OF PUBLIC INSTRUCTION  
TONY THURMOND



remote learning. In Oakland, about 83% of high school students were attending classes.

- **Learning loss:** A national [study](#) by McKinsey & Co. estimates that the shift to remote school set white students back by one to three months in math, while students of color lost three to five months. Again, little data is available. One national study found a drop in test scores, but it was not as serious as predicted. Data from Santa Ana Unified was comparable to the national study.

In other K-12 education issues:

- **Ethnic studies:** Gov. Newsom unexpectedly vetoed a bill to mandate a course in ethnic studies as a high school graduation requirement. Newsom said he supports the idea but wants continuing disagreement about the curriculum to be resolved before he approves a mandate.
- **LCFF reform:** Newsom [vetoed](#) a bill that would have fixed what he agrees is a shortcoming in the Local Control Funding Formula intended to close the achievement gap: Districts can carry over funding they budgeted for “vulnerable” students and spend it the next year however they want. The bill was based on an audit recommendation that found several districts spending hundreds of millions of prior-year LCFF dollars on other costs.
- **Ballot measures:** Schools lost two major ballot fights in 2020. In March, voters rejected [a \\$15 billion bond](#) to modernize and build public schools, community colleges and universities, the first state school bond to fail in more than two decades. In November, voters rejected [Proposition 15](#), which would have raised property taxes for some businesses by \$6 billion to \$11 billion, with 40% available to schools. At the local level, though, dozens of [initiatives](#) raised parcel taxes and construction funds for schools.

## HIGHER EDUCATION

The college experience and on-campus instruction were dramatically altered by the pandemic, with uncertainty, financial strain and changing plans continuing into 2021. More than 80% of students [said in July](#) they were forced to change their college plans. Another [survey](#) found about two-thirds were taking fewer classes, taking classes in a different format or making another adjustment, with the greatest changes among those with low incomes. In a third [survey](#), 71% of students said they lost some or all of their income.

Even before the third wave of the virus, few of California's public higher education schools were operating [in-person](#). At the state's 116 community colleges, only career and technical education courses were offered in-person. Community colleges saw course [withdrawals](#) up 55%. At the California State University, less than 7% of classes were available in-person but [enrollment](#) for the fall was up at more than half of the 23 campuses. CSU Chancellor Timothy White planned to [reopen campuses](#) in fall 2021. None of the [University of California](#) campuses fully restarted in-person instruction. Private colleges also reported a 7% decline in [enrollment](#).

In other higher education issues:

- **Leadership:** Both the CSU and UC systems picked new leaders in 2020. [Michael Drake](#), the first Black president in UC history, spent decades working in various roles at UC including vice president for health affairs. And [Joseph Castro](#), current president at Fresno State, was chosen to be the first California native and first Mexican American chancellor of the California State University system.
- **SAT:** In a historic move with national repercussions, the University of California regents voted unanimously in May to drop the SAT or ACT tests for admissions purposes. The tests were criticized for being racially biased and for giving advantage to wealthier

applicants who can pay for test preparation. The system will find a new test by 2025 or suspend the testing requirement for Californians.

- **Ethnic studies:** Gov. Newsom signed a bill requiring that CSU students take an ethnic studies class as a requirement for graduation. The bill overturned a more modest ethnic studies requirement that the CSU trustees approved in July.
- **Affirmative Action:** Voters in November rejected Proposition 16, which would have repealed the state's ban on affirmative action in college admissions and contracting. [Charts](#) of California college enrollment by ethnicity show many changes since the ban first passed in 1996.



*Firefighters assess damage to homes near Boulder Creek in August. Photo by David Rodriguez, The Salinas Californian.*

# CHAPTER 9

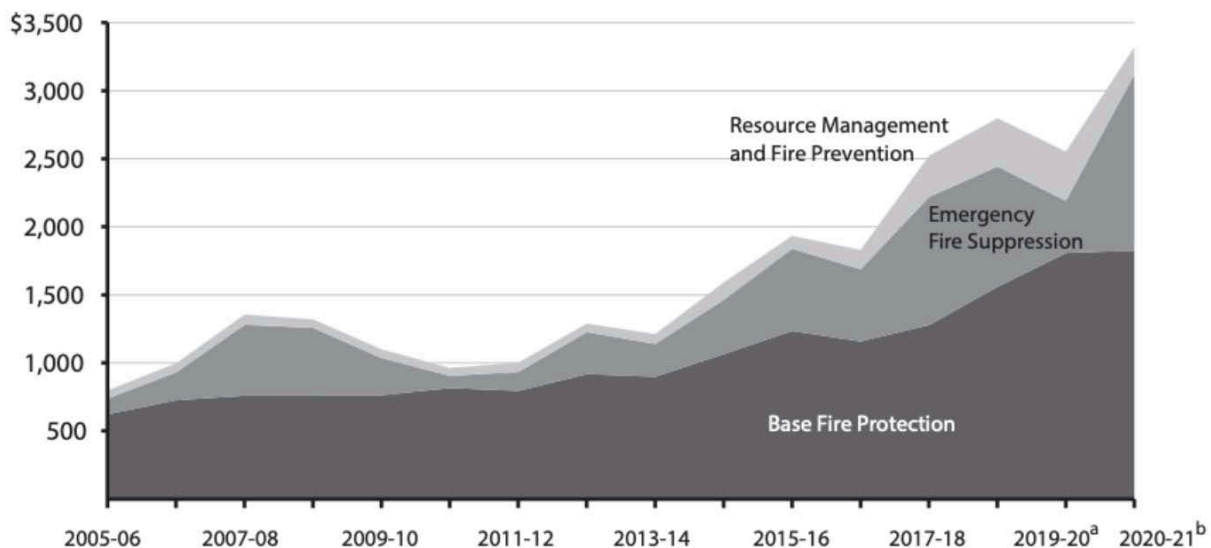
# Environment & Wildfires



In recent years, wildfires have become an annual emergency in California, but nothing has approached 2020. Five of the [six largest](#) wildfires in state history occurred in 2020, including the August complex fire that burned more than 1 million acres, double the second largest fire. Four of the 12 [most destructive](#) fires ever occurred in 2020, destroying more than 6,000 structures. More than 30 [deaths](#) were also blamed on wildfires during the year. In all, more than [4.1 million acres](#) burned in 9,639 fires.

Scientists and state officials blamed climate change. California shattered [records](#) for heat with the warmest months ever in August, September and October. In August, Death Valley reached 130 degrees, possibly the highest temperature on Earth. Los Angeles reached 121

## Spending on Wildfire Response and Prevention Activities (In Millions)



<sup>a</sup> Estimated

<sup>b</sup> Based on enacted budget and administration's preliminary estimates of costs

Source: [Legislative Analyst's Office](#)

over Labor Day weekend. Up north, thousands of dry lightning strikes – a weather event on a scale not seen in decades – moved over parched lands, sparking four of the five largest fires. Nearly [14,000 lightning strikes](#) over a 72-hour period ignited more than 900 wildfires in August. As in previous years, high winds also forced utilities to [shut off power](#) to thousands several times in 2020 to avoid the risk of sparking a fire.

State authorities responded by seeking help from around the [globe](#); the state secured a presidential [major disaster](#) declaration and Newsom signed [legislation](#) about wildfire mitigation. But lawmakers also failed to pass [a \\$3 billion plan](#) for wildfire prevention, park restoration and conservation projects. Total [state spending](#) on fire prevention has grown from \$800 million in 2005 to about \$3.3 billion in 2021.

The state also [extended a one-year moratorium](#) blocking insurance companies from not renewing policies in 477 Zip Codes threatened by wildfire. In 2019, insurers dropped more than 235,000 policies, mostly in areas at risk of fire. Most of those homeowners moved to the state's last-resort coverage, which saw a 225% jump in enrollment. The new moratorium gives homeowners another year to find alternate coverage or take fire mitigation steps to retain their current coverage.

In other environment issues:

- Newsom issued an [executive order](#) in September to phase out sales of new gas-powered passenger vehicles and certain freight trucks by 2035. He also tasked lawmakers with putting an end to new fracking permits by 2024. The state also [finalized a deal](#) with five automakers to cut greenhouse gases despite the Trump administration's rollback of fuel efficiency standards. After the election, [GM](#) also dropped its alliance with the Trump administration on court battles against California.

“I’m a little bit exhausted that we have to continue to debate this issue. This is a climate damn emergency. This is real and it’s happening. This is the perfect storm.”

**GOV. GAVIN NEWSOM**

*During a visit Sept 11 to the Lake Oroville State Recreation Area in Butte County, where he surveyed damage from the North Complex Fire*

- [Budget](#) deficits forced the state to abandon plans for a \$4.75 billion bond to pay for local projects to adapt to climate change. The state also dropped plans for a new state park and a \$1 billion climate catalyst fund to provide low interest loans for environmental projects.
- [California's](#) EPA secretary launched a review of the state's landmark cap-and-trade program to reduce greenhouse gas emissions, signaling a possible shift for the Newsom administration on a program that was the first of its kind in the nation and one of the largest pollution markets in the world.
- For the second year, [lawmakers](#) rejected a plan to adopt the nation's toughest statewide restrictions on single-use plastic packaging, food containers and utensils. The bill would have required many plastic products to be completely recyclable or compostable by 2032. The issue is expected to be raised in a 2022 ballot measure.
- In July, the governor issued a [Water Resilience Portfolio](#) outlining [142 actions](#) the state could take to make water safe and reliable including plans for a tunnel through the Delta, an emphasis on recycling and a focus on overtapped groundwater sources. The plan was widely [described](#) as a continuation of earlier strategies.
- More than 95% of the state continued to experience at least a moderate [drought](#) with areas along the Nevada border in the exceptional drought category. Southern California reported less than 25% of normal rainfall in the last three months of the year. The nation's greater southwest set a record for the driest six-month period June to November.



*"She's from Oakland!" shouts Jackson Taylor, 69, as he celebrates the election of Joe Biden and Kamala Harris near Oakland's Lake Merritt shortly after the November election. Photo by Anne Wernikoff.*

# CHAPTER 10

# Federal

# Transition



**T**he new White House administration will mean a number of significant changes for California, particularly regarding the environment. After years of tangling with the Trump Administration and filing nearly 100 California [lawsuits](#) against federal changes, Newsom said the state's new relationship will now go "from headwinds to tailwinds." He said the Biden platform is essentially "a California agenda."

“It goes from headwinds to tailwinds, and that’s pretty obvious.”

GOV. GAVIN NEWSOM

November 9

Among the changes important to California:

- **Auto emissions:** The Trump Administration revoked a waiver allowing California to set its own greenhouse gas standards on vehicles and mandate zero-emission car sales. Biden could immediately grant the waiver for California as well as restore the emission reduction targets that had been adopted nationally by the Obama Administration. The waiver is essential for California to meet its climate goals and for Newsom to implement his executive order banning new gas vehicles by 2035.
- **Oil and gas:** The Trump Administration opened nearly 2 million acres to potential drilling and moved in [December](#) to auction leases quickly. It has also sought to open more federal waters to oil drilling, where California hasn't seen a new drilling lease since 1984. No new offshore projects have been commenced.
- **Water:** To satisfy farmers, President Trump increased pumping from the state's main water hub, the Sacramento-San Joaquin Delta, through executive order and revisions to the Endangered Species Act. He also sought to increase water storage by raising the height of the Shasta Dam against the state's wishes. Reversing many of the water issues could take time.
- **Wildfires:** With most of California's forests owned by the federal government, Biden could push the U.S. Forest Service to treat forest management as a climate issue, improving risk modeling and deferred maintenance.

- **DACA:** The Trump Administration moved to rescind the Deferred Action for Childhood Arrivals program, affecting 200,000 youth in California. In [June](#), the U.S. Supreme Court ruled the program cannot be dismantled without a new process. The [Homeland Security](#) Department later said it would prohibit first-time applications, but that decision was also overturned in court. In [December](#), a federal judge ordered full reinstatement of the program.
- **Schools:** Biden's goal is to triple the \$15 billion spent on programs serving low-income families; double the number of psychologists and counselors; significantly boost funding for special education and provide more money for coronavirus protections. Biden's plan relies on rolling back Trump tax cuts and increasing taxes on the wealthy, which would require approval from Congress. Linda Darling-Hammond, president of California's State Board of Education, is leading Biden's transition.
- **Immigration:** Biden pledged to work with Congress on a path to citizenship for the estimated 10.5 million undocumented immigrants in the United States. He also said he would end the use of for-profit detention centers, which have proliferated under Trump, to hold migrants. He said he would increase the number of immigration judges to address a backlog and end policies like "Remain in Mexico" for tens of thousands of asylum seekers already waiting years to have their claims heard.
- **High speed rail:** The Trump Administration opposed California's high speed rail plans and worked to recover some of the [federal funding](#). As vice-president, Biden masterminded the high speed rail component of the 2009 stimulus package, which sent \$3.5 billion to California's project. Biden could quickly reverse some of the punitive federal actions, but the project is still [\\$80 billion](#) short.
- **Stimulus:** Biden called the federal relief in December a "down payment." He plans to push for more federal stimulus funding likely to help state and local

governments, more testing and vaccine support and larger stimulus checks for workers with specific relief for restaurants and renters.

- **Infrastructure:** Part of the stimulus Biden will seek in his [first year](#) is expected to include an ambitious plan to repair America's crumbling infrastructure as well as building for clean energy. Infrastructure is a top priority in Biden's "[Build Back Better](#)" plan as well as an outline he offered about [economic recovery for working families](#). The politics of the issue remain uncertain as infrastructure has been on the Washington agenda for four years.
- **Vice President:** California expects to be much better represented in Administration discussions thanks to the new vice president, Kamala Harris, the former U.S. Senator, attorney general and San Francisco district attorney with long ties to Newsom and other state leaders.



*iStock photo.*

# CHAPTER 11

# Looking Ahead



**A**s we move from the calamity of 2020 to what everyone hopes will be a year with fewer surprises, many challenges remain:

- **Vaccine:** A major challenge for California in 2021 will be the distribution of the coronavirus vaccine. It will be especially difficult for a state with large rural and urban populations and considerable discretion at the local level.
- **[Housing, homeless, evictions](#):** Once again, after failing to achieve major legislation to increase housing production for the past two years, the issue will be at the top of the agenda in 2021. The proposal to allow construction of more duplexes will be reconsidered, among others. In December, a bill was introduced to extend an eviction moratorium that is scheduled to expire in February. There will also be interest in more funding to house the homeless.
- **[Schools](#):** Lawmakers may step in to address the bumpy experience of reopening public schools. One bill would require schools to reopen when community infection rates drop. Relatedly, remote learning has raised concern about low income students falling behind due to a lack of broadband access. One proposal would involve a \$10 billion bond for broadband on the 2022 ballot.
- **Workforce:** There will be more attention to provide tax credits and other relief for small businesses hurt by the coronavirus shutdowns.
- **Unemployment:** Several bills have been introduced after major fraud scandals, delays and distribution challenges at the Employment Development Department.
- **Police:** Lawmakers will try again to pass a bill that would decertify police for misconduct.
- **Budget:** With a projected budget windfall between \$15 and \$25 billion, the upcoming session will see a debate about how much to restore cuts made in 2020 or pay debts and how much to spend on assistance to those suffering during the pandemic and recession. Key to the [issue](#) will be the size and shape of possible federal relief.