

# California Policy and Politics

**A PRIMER**

**January 2020**



**CAL  
MATTERS**

California explained.

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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).

# INTRODUCTION

## Looking ahead

Prepare for a debate about two Californias: one boasting of prosperity and progressivism, the other daunted by poverty and homelessness. In [September 2019](#), California set a record for the longest economic expansion—114 months. It has the world’s fifth largest economy and generates 15% of US job growth.

At the same time, California has the nation’s highest poverty rate driven largely by a housing crisis where the median home [price](#) is 2.5 times the [national](#) level. The achievement gap in schools is still yawning and despite the strong economy, schools and local governments are financially strapped.

*Newsom State of the State speech:*

“**We face hard decisions that are coming due.**”

**Twenty-nineteen was a year of significant change at the state level in California, perhaps more than you might expect.**

California already had a supermajority of Democrats in the Legislature and a Democrat in the governor’s office. President Trump was already in the White House and Gavin Newsom was lieutenant governor.

**But when the 2018 election saw the Democratic supermajority grow to three-quarters of the Legislature and Gavin Newsom become governor, California was set in several new directions.**

The posture toward the White House grew more aggressive. Newsom pulled back the National Guard troops Brown sent to the border at Trump’s request. He went to El Salvador to highlight the plight of refugees. Dozens of [lawsuits](#) were filed against the federal government. Health care was extended to a larger undocumented population and the individual mandate cut from Obamacare was restored by the state. “This is our answer to the White House,” Newsom said in his January 2019 State of the State [speech](#). “No more division, no more xenophobia and no more nativism.”

**On many other issues, Newsom launched an ambitious agenda.**

With a budget surplus exceeding \$20 billion, he invested in a goal of universal preschool, expanded social programs and lower debt. He declared a moratorium on the death penalty. And far more than Brown, he was active on housing and homelessness, although the problem continued to grow and the Legislature failed to pass the year’s biggest bill. Newsom, though, increased funding for affordable housing, threatened cities that do not cooperate and appointed a [task force on homelessness](#) as well as a [Future of Work Commission](#) with a grand vision to rebalance wages and costs.

**The new Legislature also revived ideas that were discouraged by Brown and also took on Trump.**

A bill that Brown vetoed requiring presidential candidates to release taxes was passed and signed by Newsom, then rejected by the court. Legislators increased regulations for charter schools. They codified new rules for contract workers intended to provide more job security and benefits. And they responded to Black Lives Matter with a new standard for when police can use lethal force. Many of these decisions will shape the national debate as California models a Democratic agenda for a polarized nation approaching the 2020 election.

# CHAPTER 1: THE PLAYERS

**The Newsom administration** added several new and old faces to Sacramento and a depth of federal, state and local experience. Chief of Staff Ann O’Leary is new, and her background in the Clinton White House and the 2016 presidential campaign fueled speculation about Newsom’s ambition. She is balanced by a team of Sacramento veterans that helped craft major policies of the past three administrations. There are no prominent Republicans, but a mix of business and labor experience. (See [The Administration](#) in the Appendix for the full list).

Newsom’s relationship with the Legislature was collaborative, but there were bumps in the final days of the session over the governor’s handling of [vaccine](#) legislation and his opposition to the year’s biggest environmental bill. At the same time, hands-on negotiations led to major agreements on the police shooting standard, rent caps, charter schools, contract workers, the budget surplus and other issues.

**So how’s he doing?** Newsom has received mostly [middle](#) to high-middle grades from the punditry. Part of that is because he set such high expectations and he follows a governor who was a master at lowering them. Newsom is known for his “big, hairy, [audacious](#) goals,” which he described in his campaign:

**“ Guaranteed health care for all. A ‘Marshall Plan’ for affordable housing. A master plan for aging with dignity. A middle-class workforce strategy. A cradle-to-college promise for the next generation. An all-hands approach to ending child poverty. ”**

The 2019 session that ended in September saw more significant policy change than most years including some generational milestones. But perhaps the biggest disappointment was the lack of progress on the governor’s top issue of [housing](#). And while there were important steps to expand health coverage and early education, they were, of course, far short of universal health or preschool. Two questions loom over the administration:

- What are Newsom’s political ambitions?
- What happens to his ambitious agenda in a recession?

# CHAPTER 1: THE PLAYERS

## Leadership:

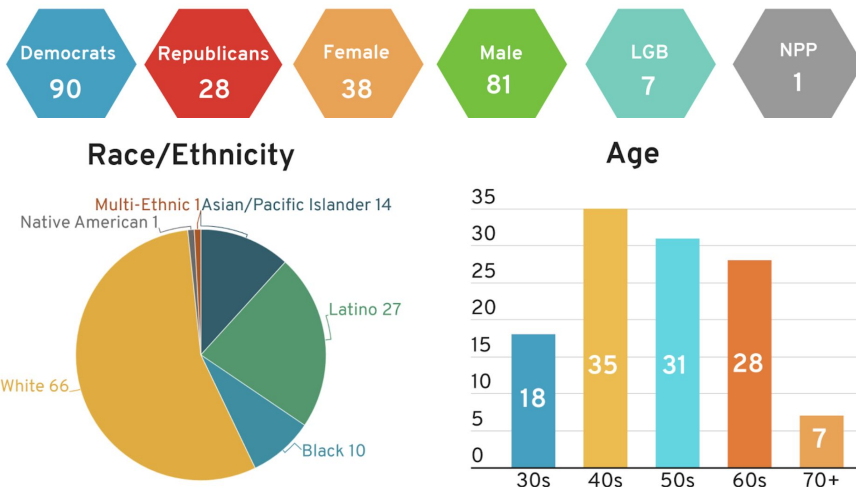
- **Speaker Anthony Rendon** (AD63-Lakewood). Elected to Assembly in 2012. PhD from UC Riverside; nonprofit leader of Plaza de la Raza Child Development Services.
- **Assembly Republican Leader Marie Waldron** (AD75-Escondido). Elected to Assembly 2012. Escondido City Council; small business owner; SD County Opioid Task Force.
- **Senate President pro Tempore Toni Atkins** (SD39-San Diego). Elected to Assembly 2010; to the Senate in 2016. Former Assembly Speaker. Former San Diego City Council.
- **Senate Republican Leader Shannon Grove** (SD16-Bakersfield). Elected to Assembly in 2010; Senate in 2018. Former US Army; founder of temporary staffing agency.

**California's Legislature** is 45% non-white and 43% under 50, but only 30% women. With just 28 of 120 seats held by Republicans, California now behaves more than ever as a one-party state. But the impact of the so-called "[gigamajority](#)" was mixed as former Republican seats were won by moderate Democrats and lawmakers were haunted by the [recall](#) last year of a Democrat who voted for the 2017 gas tax hike. Still, there were supermajority votes on two tax issues for 911 services and Earned Income Tax Credit (EITC) expansion.

The Legislature ended the year with a solidly [liberal reputation](#) after [passing](#) health coverage for the undocumented, employee status for contract workers, expansion of the Earned Income Tax Credit, a cap on rents, charter school reform, paying student athletes for commercials, mandated access to abortion pills at state colleges, a cap on predatory loans, new unionization opportunities in childcare and the UC and a new standard for police shootings. A spectrum [analysis](#) of every vote for the year also showed the 2019 Legislature to be more cohesively left than most Democratic caucuses back to 1993. At the same time, though, there were signs that money still matters. The soda industry tripled its spending on lobbying and killed another effort to tax or regulate sugary beverages, causing doctor and dentist groups to consider a 2020 ballot measure. And despite high concern nationally, vaping companies also killed legislation to regulate e-cigarettes, causing Gov. Newsom to sign an [executive order](#) "in the absence of any legislative effort." Business was also successful as 30 of the 32 bills identified by the state Chamber of Commerce as "[job killers](#)" did not pass into law.

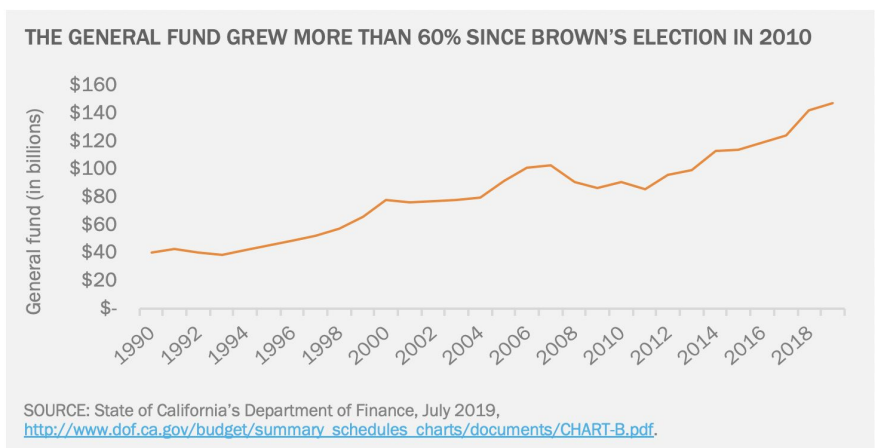
## [California Legislature Profile](#)

(Click on link for interactive tool)



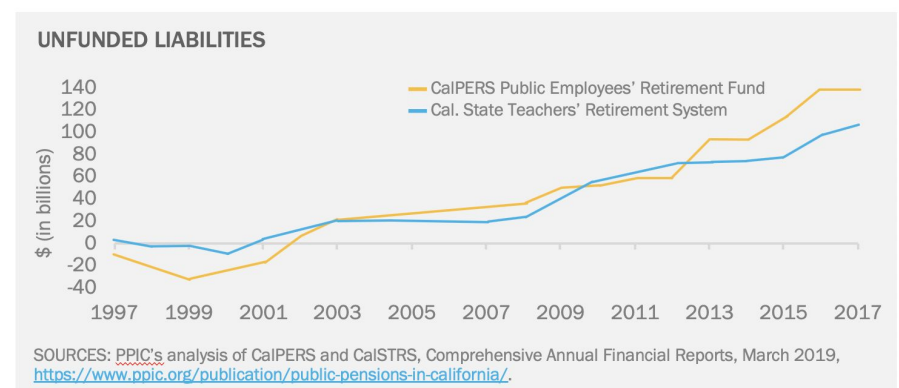
# CHAPTER 2: BUDGET & FINANCES

Jerry Brown timed his latest two terms as governor just right. The [general fund](#) grew by about \$56 billion — more than 60% — since his election in 2010. His predecessor, Arnold Schwarzenegger, saw the general fund grow quickly from \$76 billion to \$103 billion, then collapse after the 2008 recession down to \$86 billion when he left office. At that time, the state issued IOUs, furloughed state employees, asked voters — unsuccessfully — for a temporary tax increase and made billions of dollars in cuts to social programs, schools and universities. Brown inherited the problems, but the economy soon improved and in 2012 he persuaded voters to approve a temporary [tax increase](#), which was extended in 2016 even though the governor was neutral.



## DEBT

Broadly, California state and local governments face about \$400 billion in [unfunded liability](#) for pensions (\$254b) and [health](#) coverage (\$147b) to retired government workers. At the state level, pension and retiree health payments more than doubled during Brown's tenure to about \$13.2 billion in 2019. With the surplus payment from Newsom, this year's budget spends nearly \$20 billion. But the problem is most acute for cities and school districts, where a recession could cause major problems quickly.



# CHAPTER 2: BUDGET & FINANCES

“This (slow growth) is not indicative of a pending recession, but rather the result of a slowdown in labor force growth and rising housing costs .... In the meantime, California will continue to grow, led at the regional level by the tech-sector fueled San Francisco Bay Area economies. California continues to exhibit a dynamism that is found in just a handful of other places around the country and the world. The 5th largest economy on the planet, it is a diverse economy, a global center for both the multi-faceted technology sector as well as the creative economy. It is also the primary destination for venture capital in the nation. One can only imagine how much growth might be unleashed if the state can successfully address its housing challenges.”

*Beacon Economics*

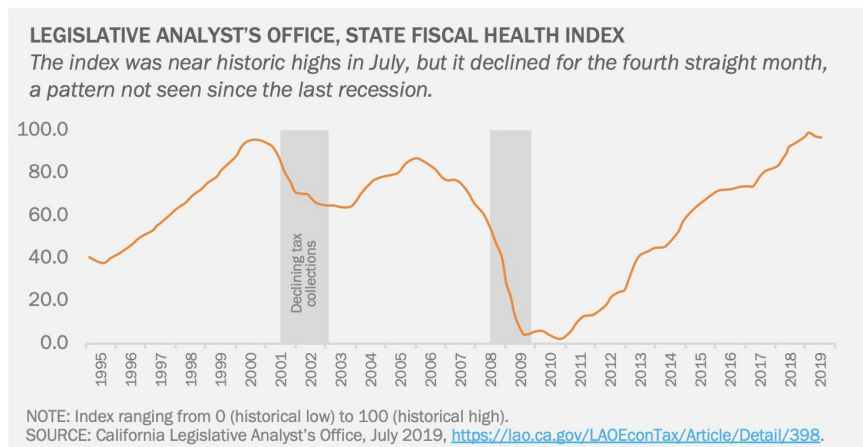
For schools, Gov. Brown reached [agreement](#) in 2014 to balance the state teacher retirement fund, CalSTRS, partly by raising school district contributions from 8.25% of payroll in 2013 to 19.1% by 2020. The problem contributed to teacher strikes last year in Oakland, Sacramento and Los Angeles. Gov. Newsom’s proposed [budget](#) in January sought to avert a teacher strike in LA with some pension relief for districts. The strike was settled with a pay raise the district hoped to fund with a parcel tax on the June 2019 ballot that was soundly [rejected](#) by voters.

For cities, a [study](#) in 2018 for the League of California Cities estimated that spending on retirement costs would nearly double from an average of about 8.3% of local general fund budgets in 2007 to 15.8% by 2025. The report said the costs are “approaching unsustainable levels” and that cities are impacted more than other levels of government because employee costs are a greater share of the budget and retirement costs are especially high for public safety workers.

## ECONOMY

A few months into the new 2019-20 fiscal year, California [revenues](#) were already running ahead of projections and analysts [predicted](#) a \$7 billion surplus at year’s end. Key economic forecasts for the state describe a strong economy that is starting to slow.

- A monthly report in June by the [UCLA Anderson Forecast](#) said: “As predicted, the California economy is slowing down.” Recent strong performance, though, means “economic prosperity has clearly become the norm in California today.”
- The summer 2019 “California Outlook” by [Beacon Economics](#) also reported: “No surprises here. Slow growth ahead.” Its analysis described a uniquely dynamic state.





# CHAPTER 3: MAJOR ISSUES OF 2019

“ It starts with housing, perhaps our most overwhelming challenge right now. We all know the problem. There’s too much demand and too little supply. And that is happening in large part because too many cities and counties aren’t even planning for how to build. Some are flat out refusing to do anything at all.”

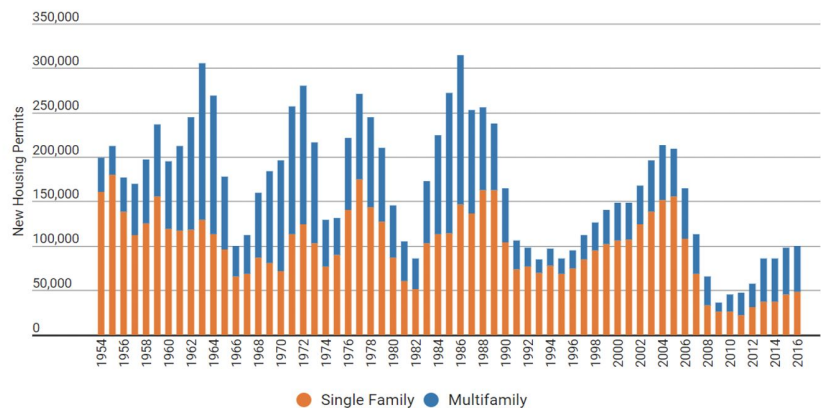
*Newsom State of the State speech, 2019*

The 2019 agenda in California reflected a budget surplus that allowed health care expansion and more than \$7 billion in debt payments; a new legislature and governor with a different approach to education, water, high speed rail and a strong alliance with labor; a reaction to major national issues including the Trump White House and Black Lives Matter; and an emergency response to immediate crises in wildfires and housing. Following are summaries of the state’s major policy issues in 2019.

## HOUSING

In 2016, McKinsey Global Institute [issued](#) a “Toolkit To Fix California’s Housing Shortage: 3.5 Million Homes by 2025.” The state needed to build about 180,000 homes per year to keep up with population growth and replacement of old units, but for the past decade it produced fewer than [100,000 homes](#), creating a significant supply deficit. In 2019, despite a strong economy and Gov. Newsom’s high priority, housing production [dropped](#) even further. Just to stop the bleeding and close the 80,000 home gap would cost about \$26 billion a year in additional investment, using the estimate of \$332,000 per unit for lower-end housing cited in Gov. Brown’s budget. To reach 3.5 million new units by 2025, a goal [endorsed](#) by [Newsom](#), housing production would have to grow to nearly 500,000 per year.

California doesn't build like it used to



Source: California Department of Housing and Community Development

**Newsom’s record on housing in his first year was mixed.** The most significant legislative accomplishment was a cap on rents, but many consider it modest and it doesn’t encourage production. In fact, some think it will hurt. The most significant legislation regarding development failed and the governor turned more attention to pressuring local governments. For more details, go to [Major Housing Issues of 2019](#).



# CHAPTER 3: MAJOR ISSUES OF 2019

“*Today we are disrupting the status quo and taking a bold step forward to rebuild our middle class and reshape the future of workers as we know it. As one of the strongest economies in the world, California is now setting the global standard for worker protections for other states and countries to follow.*”

*Assemblywoman Lorena Gonzalez, author of AB5*

“*At Uber, we embrace the challenge to improve work for drivers. But we continue to defend our ability to enable on-demand, independent work. We continue to hold out hope that California lawmakers will seize the historic opportunity before them to dramatically improve the quality and security of independent work; strengthen the 21<sup>st</sup>-century labor movement; and protect California’s innovation economy.*”

*Tony West, chief legal officer, Uber*

## WORKFORCE

**The workforce issue is changing rapidly**, as demonstrated by the California Supreme Court’s Dynamex decision and the governor’s signature on [AB5](#), a bill that expanded and codified the decision. The court established a three-factor test—primarily if a worker’s tasks are central to a company’s business—to determine if a worker can be a contractor or must be considered an employee subject to minimum wage, overtime and other job protections or benefits. In his [endorsement](#) of the bill, Gov. Newsom said “our economy has stopped working for working people.”

**What happens now?** The law is being [watched](#) nationally as an idea that could upend the gig economy and its flexible but uncertain jobs like Uber, Lyft and DoorDash. It has also been a talking point for 2020 presidential [candidates](#). And gig companies continue to push back on several fronts. Litigation is underway as [Uber](#) said it will continue to treat workers as contractors. At the same time, the company continues to engage labor groups and the Newsom administration in negotiations that include Lyft, DoorDash and others. Meanwhile, the three gig companies pledged to spend \$90 million on a 2020 ballot measure if they cannot reach agreement.

In addition to AB5, Gov. Newsom launched a broader discussion about workforce issues by signing an [executive](#) order in August to create the **Future of Work Commission**. The order says the commission will study and recommend the kind of jobs needed for the future, analyze the impact of technology, identify methods for promoting job quality and modernize worker protections.

## POVERTY

*After several years of statewide economic expansion, both the CalWORKs and the CalFresh caseloads have fallen substantially—a sign that family budgets are improving. At the same time, nearly one in five Californians experience economic hardship.*

[PPIC, January 2019](#)

**EITC:** California significantly expanded the Earned Income Tax Credit. In 2017, 1.5 million California taxpayers received \$348 million from the credit. The expansion provides assistance to those with incomes up to \$30,000, reaching about 3 million households.

# CHAPTER 3: MAJOR ISSUES OF 2019

“California educates more than 6 million children in its K–12 public schools. More than half of these students are economically disadvantaged. The state finished implementing the Local Control Funding Formula (LCFF), which was enacted in 2013 to simplify school finance, increase funding for high-need students, and revamp school accountability. But policymakers are increasingly interested in its efficacy: How and when will we know if it is working? About a third of students perform at or above levels the state considers proficient. Over time, there has been little improvement in the performance of California’s African American, Latino, low-income and EL students, leaving achievement gaps virtually unchanged.”

[PPIC, January 2019](#)

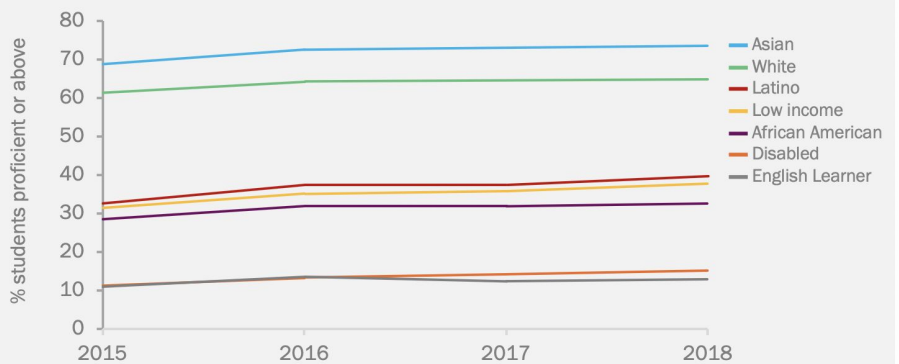
## K-12 EDUCATION

**Early childhood:** Gov. Newsom’s goal is “universal preschool” for all four-year olds. The system already has space for about 175,000. Lawmakers added 10,000 this year. [Experts](#) say universal preschool will require 400,000 total spaces.

**Charter schools:** In March, Newsom created a task force to examine charter school issues. The task force reported a set of [recommendations](#), many non-unanimous, that led to an [agreement](#) in August. The new rules give local school boards more discretion in approving charter schools and the ability to consider the impact of a new charters on district finances.

**Longitudinal data:** Newsom put \$10 million toward a new longitudinal data system long sought by education reform groups to connect early education providers, K-12 schools, higher education, employers and health and human services. [PPIC](#) said California is one of only eight states without a longitudinal system.

PERFORMANCE GAPS BETWEEN MAJOR STUDENT GROUPS HAVE SHOWN LITTLE SIGN OF NARROWING



SOURCES: PPIC’s analysis of Smarter Balanced Assessment Consortium (SBAC) and California Department of Education data, January 2019, <https://www.ppic.org/wp-content/uploads/californias-future-k-12-education-january-2019.pdf>.

# CHAPTER 3: MAJOR ISSUES OF 2019

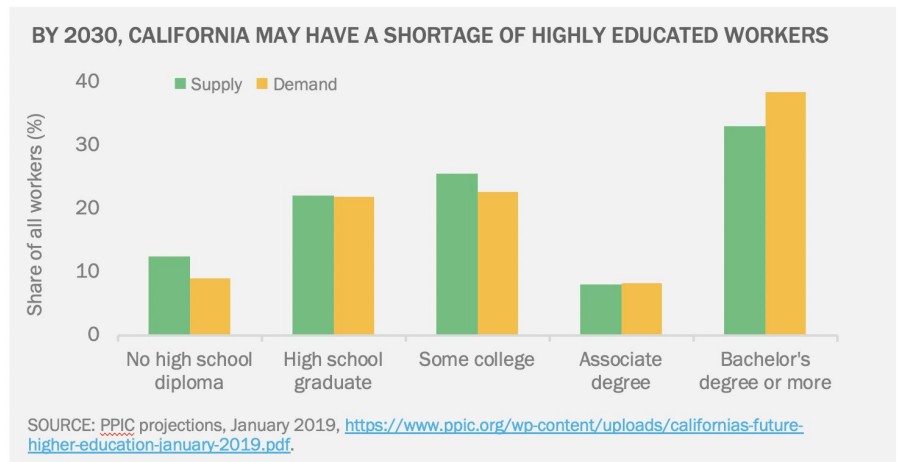
“California’s higher education system is not keeping up with the changing economy. In 2030, if current trends persist, 38% of jobs will require at least a bachelor’s degree but only 33% of working-age adults in California will have bachelor’s degrees—a shortfall of 1.1 million college graduates.”

[PPIC, January 2019](#)

## HIGHER EDUCATION

**Affordability** is a major issue, and in 2019 the governor’s [budget](#) gave significant increases to the state’s three higher education segments to avoid tuition increases, support increased enrollment and support housing and food assistance. The governor’s [budget](#) also increased Competitive Cal Grants to serve 41,000 students, up from 25,750. And it designated \$42.6 million to provide a second, tuition-free year to an estimated 33,000 community college students.

**Enrollment** is another major challenge. The proportion of high school graduates completing a college prep curriculum has grown, but they are competing for limited slots and eligible applicants are being turned away. The current [budget](#) includes about \$130 million to add about 15,000 new undergraduate positions at UC and CSU.



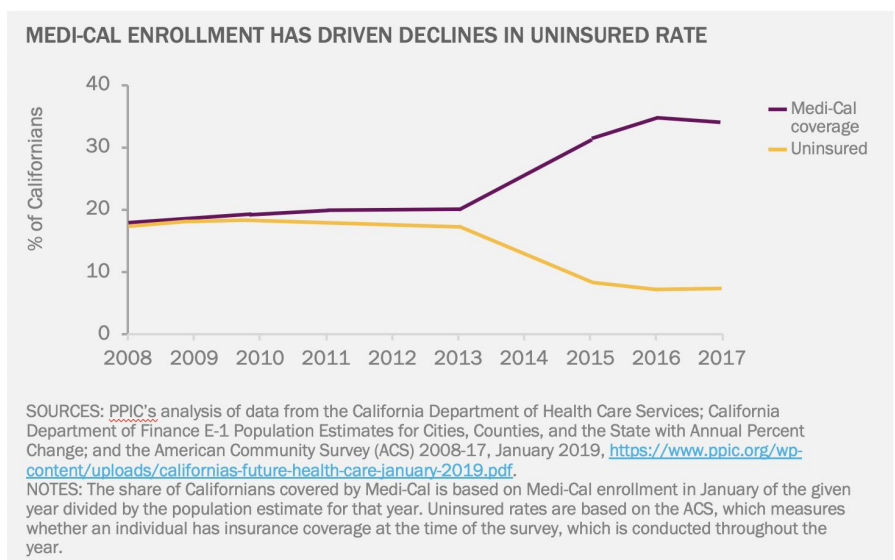
# CHAPTER 3: MAJOR ISSUES OF 2019

## HEALTH

**Single Payer:** A single payer health system remains on the agenda for the governor and many in the Legislature. In the spring, Newsom [proposed](#) a commission about how to bring single-payer to California. In May, he launched a [campaign](#) of online and email ads to encourage Democratic presidential candidates to support universal health care. He also conducted a statewide “California for All Health Care Tour,” promoting a “robust federal waiver” for single payer and a series of recent expansions in California, including:

- The first state to expand Medi-Cal coverage to undocumented young adults age 19 to 25. Since [2016](#), the state has provided coverage to undocumented youth up to 18.
- The first state to expand subsidized coverage to individuals earning between 400% and 600% of the Federal Poverty Level with incomes between \$48,500 and \$72,800.
- A state individual mandate requiring residents to carry health insurance or face a \$695 fine. Without the mandate, [UC](#) estimated 4.4 million would be uncovered.

**Drug prices:** In January, Newsom signed an [executive order](#) to consolidate state and local drug purchases in hopes that a large purchasing pool will lower drug prices. During the spring, the counties of Los Angeles, Santa Clara, Alameda and San Francisco [agreed](#) to partner with the state on drug purchases.



# CHAPTER 3: MAJOR ISSUES OF 2019

## WATER

*California has the tools to secure a safe and reliable water supply, manage droughts, improve watershed health, and reduce flood risks. But population growth and climate change are intensifying the challenges.*

[PPIC, January 2019](#)

**Tunnel:** The Newsom Administration is redrafting a proposed tunnel through the Sacramento-San Joaquin Delta to assure quality and reliability of water supplies. Gov. Brown was promoting a dual tunnel plan that Newsom is modifying to a single tunnel, with capacity being a central debate.

## CLIMATE/WILDFIRES/UTILITIES

*California's four warmest years on record have all occurred since 2014, and warming is expected to continue over the century. Sea level is predicted to rise 20 to 54 inches on California's coast by 2100, and the frequency of extreme events such as droughts, heat waves, wildfires, and floods is expected to increase.*

[PPIC, January 2019](#)

**Bankruptcy:** PG&E filed for Chapter 11 in January citing more than \$30 billion in potential liability from fires in 2017 and 2018. In July, Newsom [set](#) a June 2020 deadline for PG&E to emerge from bankruptcy and reach a settlement with victims. In September, PG&E filed a [plan](#) in bankruptcy court that offered \$18 billion for wildfire victims and insurers, which some considered insufficient. The utility hoped the Legislature would authorize a \$20 billion state bond to help pay the wildfire liability, but lawmakers tabled the idea for this legislative session after intense opposition and lobbying that included hedge funds holding \$10 billion in PG&E bond debt and seeking control of the utility. In December, Gov. Newsom [rejected](#) PG&E's proposal to pull itself out of bankruptcy.

**Endangered species:** The Legislature sent the governor a bill in September, SB1, to combat the Trump Administration's rollback of environmental laws, particularly regarding endangered species, by maintaining protections in place when the president took office. Newsom [rejected](#) the bill to protect delicate water negotiations.

# CHAPTER 3: MAJOR ISSUES OF 2019

## PUBLIC SAFETY

**Police shootings:** In August, Gov. Newsom [signed](#) a landmark bill to change the standard for when police are allowed to use lethal force. Previously, the law allowed lethal force when it is considered a “reasonable” response, a standard critics said was too easy to prove in court. The new law says police may only use force “necessary in defense of human life” and it allows courts to consider actions leading up to an officer’s split-second decision to shoot.

## TECHNOLOGY/PRIVACY

**Privacy:** The California Consumer Privacy Act said consumers can request any company doing business in California to reveal personal information they have collected, ask to have companies stop collecting the data and delete past data. A massive [lobbying](#) effort by both sides failed to make changes in the bill, which took effect January 1. A ballot measure on the issue is being considered.

## HIGH SPEED RAIL

**High speed rail:** Governor Newsom created confusion about his plans for high speed rail when he said the project is about “economic transformation and unlocking the enormous potential of the Valley” but he also said “there isn’t a path” to build a system connecting the north and south in California while there is capacity for a link between Merced and Bakersfield.

In [May](#), the federal government announced that it will rescind nearly \$1 billion in funding for the project. The withdrawal is pending the outcome of [litigation](#).

## FAMILY LEAVE

**Paid family leave:** Governor Newsom, a father of three young children, [proposed](#) and signed an extension of paid family leave for new parents. As of July 1, 2020, paid family leave will expand from six to eight weeks. The administration will also explore plans to further expand paid family leave by 2021-22, so that infants can be cared for by a parent or close family member for a full six months.

# CHAPTER 4: RESISTANCE STATE

“The Governor of California, @GavinNewsom, has done a terrible job of forest management. I told him from the first day we met that he must “clean” his forest floors regardless of what his bosses, the environmentalists, DEMAND of him.

@realDonaldTrump

“You don’t believe in climate change. You are excused from this conversation.

@GavinNewsom

When Barack Obama was president, [Texas](#) was the greatest challenge to the White House. Now it’s California’s turn. The state is fighting back on a number of policy issues against a president seen as having California [“in the cross hairs.”](#) Here is a summary of the major flashpoints:

**Lawsuits:** At last count, California had filed more than 60 [lawsuits](#) against the federal government since President Trump took office. Nearly half have involved environmental issues and about a quarter are related to immigration. Of the lawsuits, California won at least 17 of the cases and lost two. Most are still pending.

**Emissions:** On Sept. 18, as anticipated, the Trump Administration [announced](#) that it would rescind a federal waiver provided in the 1970 Clean Air Act that allows California to set auto emission standards that are more strict than federal rules. Two days later, [California](#) and 23 states filed suit against the decision. The [waiver](#) is critical for California to achieve its [goal](#) of reducing greenhouse gas emissions 40% below 1990 levels by 2030 because transportation generates about 40% of statewide emissions. In [July](#), four automakers — Ford, Honda, Volkswagen and BMW — reached a deal with California to meet the state’s emission standard. In September, the US Justice Department began an antitrust [investigation](#) of the deal. California is also [considering](#) a plan to limit rebates for car purchases to manufacturers that are part of the state’s emission plan. In [November](#), California said it will not purchase vehicles from companies not participating in the state standard.

**Homelessness:** In September, President Trump took signed an [executive order](#) creating a council to study the elimination of regulatory barriers to affordable housing and issued a [report](#) that said homeless populations in Los Angeles and San Francisco could be reduced by about half if restrictions on development were removed. Following the report, administration officials toured areas of homelessness in the state and HUD Secretary Ben Carson [rejected](#) a request by Gov. Newsom for 50,000 more federal housing vouchers. He added that future grants may be limited to areas willing to change local zoning laws. The president also visited California, where he said the administration would issue a [notice](#) of environmental violation to San Francisco for pollution from the homeless population.



# CHAPTER 4: RESISTANCE STATE

**Public charge:** In August, the administration issued a new [regulation](#) that said legal immigrants could be denied permanent residency if authorities deem them “likely at any time” to enroll in a set of designated public benefits including food stamps, federal housing and health insurance. The new rule also discouraged immigration officers from granting visas to those making less than 250% of the federal poverty limit. The impact was expected to be out-sized in California, home to nearly a [fifth](#) of US green card holders.

**Food stamps:** In July, the [administration](#) issued a rule that would limit food stamp assistance to households under 130% of the federal poverty limit. Currently, a household earning up to 200% of the poverty limit can receive food stamps if net income after housing, childcare and health costs is under 100% of the poverty limit. The change was expected to have a disproportionate impact on California where the minimum wage is scheduled to reach \$15 per hour, raising incomes above the poverty limit.

**Taxes:** The federal Tax Cuts and Jobs Act, signed by President Trump in 2017, [raised taxes](#) for an estimated 1 million Californians by capping the deduction for state and local taxes. California is disproportionately impacted. The state Franchise Tax Board estimated an impact on California taxpayers of about \$12 billion.

**High speed rail:** (See earlier description). California has sued the Trump Administration for rescinding about \$1 billion in federal support for the project.

**Endangered species:** The Legislature sent the governor a bill in September, SB1, to combat the Trump Administration’s rollback of environmental laws, particularly regarding endangered species, by maintaining protections in place when the president took office. Newsom [rejected](#) the bill to protect delicate water negotiations.

# CHAPTER 5: LOOKING AHEAD

**California may get a lot of attention in the 2020 presidential [campaign](#).** Some believe President Trump's visit to the state in September and his focus on the problems of homelessness signal a campaign [strategy](#) to warn America about the consequences of Democratic leadership. Meanwhile, the state is also a model for policies favored by several Democratic candidates including the Green New Deal, the move toward single payer health care and the worker protections in AB5.

**Look for state leaders to emphasize the strength of the state's economy and to move as quickly as possible to show how the state is working to resolve its issues of housing and homelessness.** The focus of the housing debate will be a third attempt to pass a version of 2019's SB50, requiring local governments to provide greater housing density around transit centers. In addition, watch for the governor to continue to seek local compliance with the state housing plan and, perhaps, to seek more exceptions to the California Environmental Quality Act for housing construction.

**On other issues,** the technology debates over privacy and the gig business model will continue in 2020. With the governor's veto of the state environmental protections in SB1, debate about species and habitat is expected to continue as well as the conflict with the federal government about auto emissions and the state's climate goals.

# CHAPTER 5: LOOKING AHEAD

It will be a few months until we will know all of the initiatives that will appear on the ballot in November, but presidential years tend to attract more measures, especially those that involve funding. A look ahead at likely and possible ballot measures:

**Education:** Lawmakers voted to place a school bond on the March 2020 ballot that would raise \$15 billion with \$9 billion for K12 schools and \$2 billion each for the three higher education segments. Two other [efforts](#) are underway to place another school funding measure on the November ballot, including one funded with a split-roll tax.

**Soda tax:** Soda politics in Sacramento has been intense recently as the beverage industry killed several bills aimed at a ban on sugary drinks. Doctor and dentist groups are considering a measure on the issue.

**Death penalty:** Nothing official yet, but there is speculation about another attempt to abolish the death penalty since [polls](#) now show Californians now support life sentences over death by 2-to-1.

**Gig workers:** Uber, Lyft and DoorDash have pledged \$90 million to a 2020 ballot measure if they cannot reach a deal to be exempt from the contractor provisions in AB5.

**Rent cap:** Despite the deal on rent control in the Legislature, the sponsor of a rent cap measure that failed in 2018 said he will proceed with another measure in 2020. It has received a quarter of the signatures needed and needs the balance by December.

**Malpractice:** Attorney groups are seeking a measure to raise the cap on “pain and suffering” damages that can be awarded for medical malpractice.

**Two measures are certified** and headed for the ballot:

**Criminal sentencing:** This measure would scale back some of the changes adopted since 2011 in prison realignment and Propositions 47 and 57. Gov. Newsom is opposed.

**Cash bail:** This measure would repeal SB10, which would make California the first state to end the use of cash bail and replace it with a risk assessment to determine pretrial release.

# APPENDIX: THE ADMINISTRATION

## The Administration

- Anne [O’Leary](#), *chief of staff*. Sr. advisor Clinton Admin.; leg. dir. Sen. Clinton; advisor, 2016 Clinton campaign; VP, Next Generation; partner, Boies, Schiller, Flexner.
- Ana [Matasantos](#), *cabinet secretary*. Finance dir, Govs. Brown and Schwarzenegger.
- Keely [Bosler](#), *finance director*. Legislative Analyst’s Off.; cabinet sec, Gov. Brown.
- Anthony [Williams](#), *legislative secretary*. Lobbyist, Boeing; policy dir., Sen. Steinberg; consultant, Sen. Burton; founder, Stand Strong Foundation Inc for the disadvantaged.
- Ann [Patterson](#), *chief deputy legal affairs secretary*. Partner, Orrick, Herrington, and Sutcliffe. Served Atty. Gen. Lockyer, Gov. Davis.
- Angie [Wei](#), *deputy cabinet secretary*. Legislative dir., California Labor Federation.
- Daniel [Zingale](#), *director, Office of Strategic Communications and Public Engagement*. Sr VP, California Endowment; COS, Maria Shriver; cabinet sec., Gov. Davis; dir., Dept. of Managed Health Care; exec. dir. of AIDS Action.
- Lenny [Mendonca](#), *director, Office of Business and Economic Development / Chair, High Speed Rail Authority* Sr. partner, McKinsey & Co; co-chair, California Forward; lecturer, Stanford Business School.
- Jason [Elliott](#), *chief deputy cabinet secretary*. Advisor to San Francisco Mayor Ed Lee.
- Richard [Figueroa](#), *deputy cabinet secretary, health care*. California Endowment; staff, Govs. Schwarzenegger, Davis.

# APPENDIX: MAJOR HOUSING ISSUES OF 2019

**Local enforcement:** In [August](#), state housing authorities directed the Southern California Assn. of Governments to plan for construction of 1.3 million new homes in the next decade, more than three times what the local governments had proposed over the same period. In [November](#), the agency increased its housing plans, especially for coastal areas.

- In January, Newsom threatened to withhold transportation funding from local governments that did not comply with the requirement to prepare a state housing plan. After criticism, he backed off of that threat but his administration [sued](#) Huntington Beach for non-compliance.

**Rent control:** After difficult negotiations, agreement was reached on [AB 1482](#), a bill to limit annual rent increases to 5% plus inflation and to require landlords to provide “just cause” for evictions. To avoid a damper on new construction, the law only applies to units more than 15 years old and not to single family homes. Major landlords did not oppose the plan.

**Construction:** The most important bill to pass that encourages development was [SB330](#). It requires cities and counties to speed the permit process for housing that meets existing local laws and prohibits creation of new zoning or rules that inhibit housing production.

**Density/Transit:** In May, the Legislature set aside the year’s most significant housing bill, SB50, to prohibit many cities from banning four-to-five story apartment buildings around public transit and effectively end local zoning rules reserved for single family homes. The idea will be back in 2020.

**Budget:** The current budget includes [\\$2 billion](#) for affordable housing and homelessness. About \$650 million was designated for homelessness with the largest share going to the state’s 13 largest cities.

- Lawmakers also [approved](#) SB5 by Senator Beall to provide a fund that will grow to \$2 billion annually for affordable housing and economic development. The bill, vetoed by Gov. Newsom, was intended to replace funds lost when redevelopment programs were eliminated eight years ago.

**Task Force:** In July, the governor [appointed](#) a task force on homelessness co-chaired by Sacramento Mayor Darrell Steinberg and Los Angeles County Supervisor Mark Ridley-Thomas.