

California Insights Review

Published April 2021

Executive Summary

In 2020, we surveyed and spoke with over 600 policymakers in California to understand how the government and private sector responded to the COVID-19 pandemic and what policymakers want to see from advocates during this time. This review examines what policymakers view as the most pressing issues in the state, followed by an in-depth look at three COVID-related topics.



We, as a government, never want to just be dictating to these companies what's happening. We want to be in a partnership with them on the assumption that we're all working toward the same goal, which is securing the health, wellbeing, and security of the United States.



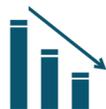
-Director, Executive Branch

This Review Examines Three Key Issues:



Housing

- Housing has been selected as one of the most pressing issues in the state for three years in a row.
- This year, pandemic-related evictions are a top concern.



Economic Impact of COVID-19

- COVID-19 had a severe impact on the state's budget surplus.
- Faced with a budget deficit, policymakers believe the state should prioritize policies that make use of reserve funds, cut expenses rather than raise taxes, and improve the efficiency of government operations.



Business Response to COVID-19

The majority of policymakers believe the private sector has been effective in their response to COVID-19, but would like to continue seeing more of the following:

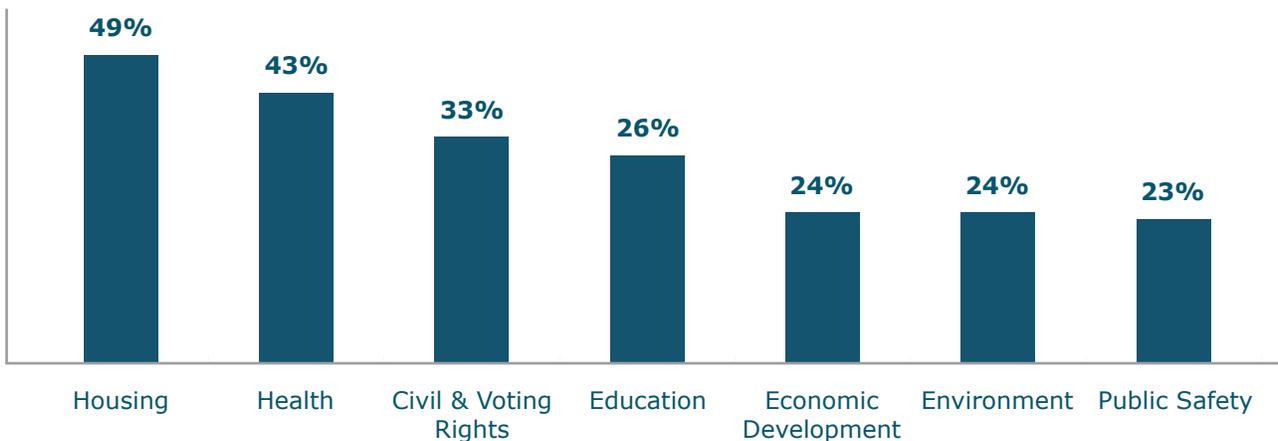
- Policymakers want to see companies provide safe and clean workspaces for their employees until everyone is vaccinated.
- Policymakers appreciate businesses and advocates donating money and equipment to help mitigate the effects of the virus in their communities.

The Most Pressing Issues in California

Housing Remains the Top Pressing Issue among Policymakers in California. Public Health and Civil Rights Closely Follow.

Most Pressing Issues in the State

"As California looks to reopen communities and the economy, which of the following do you view as the most pressing issues facing the state: (Select up to 3)?"



n=384

The COVID-19 Pandemic has Exacerbated the Top Three Pressing Issues in California



Housing

Examples:

- Pervasive financial difficulties
- Expiration of eviction moratoriums
- Protection for homeless populations



Health

Examples:

- Health systems at critical capacity
- Unknown long-term health outcomes
- Vaccine distribution



Civil Rights

Examples:

- Inequality in access to healthcare
- Disparate health outcomes
- Communities of color's access to vaccinations

Housing Remains a Top Priority

During the previous three years of our California research, policymakers consistently identified housing as one of the most pressing issues in California.

This year, many policymakers express concerns that COVID-19 has exacerbated the housing crisis by displacing residents and depleting financial resources that could otherwise go towards solving the issue.

“The housing crisis was bad before COVID, and it’s been exacerbated as a result.”

-Legislative Director,
California State Senate, D

In previous years, policymakers identified **affordability** and **availability** of housing as main contributors to the housing crisis. This year, COVID-19 intensified these challenges, and started fueling a conversation around **tenant protections** in the face of impending pandemic-related evictions.

“It seems like our narrative on housing is going to be changing. We were so focused on production, and now we have to focus on making sure that we’re not displacing our residents. When this eviction moratorium is up, how do we combat homelessness or keep those residents off the streets? They don’t really have anywhere else to turn if they lost their job. I think tenant protections are going to be a lot harder to get through the legislature, but we’re going to have to do something about it because a lot of people are going to suffer in the next coming years.”

-Legislative Director, California State Assembly, D

“We still need the housing built, probably now more than ever, so let’s keep doing that, but there’s also been a focus on if we can come up with some more programs to specifically address the urgent need for immediate housing, for what we call the housing first model. We don’t care if you’re on drugs or if you’re not sober. We’re going to give you shelter, and then we’ll see if you are willing to participate in a program to get clean and sober.”

-Staff, California Department of
Housing and Community Development

“We need housing. We just have to keep building until it stops making a difference. Tens of thousands of new units and it doesn’t have to be expensive, just little tiny houses or Mandalay Bay size hotels of studios, 5,000 studios, we just need more housing.”

-Staff, Executive Branch

Economic Impact of COVID-19

Economic Impact of COVID-19

During the previous six years, California amassed the largest cash reserves in the state's history—a surplus that hovered around \$21 billion in the 2019-2020 fiscal year. More than half a year since the outbreak of COVID-19 (November 2020), the impact of the pandemic does not appear to be as devastating from a fiscal standpoint as the budget anticipated. But, the recovery has been uneven. Many low-income Californians remain out of work, and the state is facing an operating deficit beginning in 2021-22¹.

During our conversations with state policymakers, they discuss how the budget surplus has allowed them to begin to address problems such as wildfires and housing shortages. As COVID-19 continues to exacerbate these issues in California, as well as reduce tax revenue, state and local policymakers note several challenges they must confront.



Rising Healthcare Costs

“Early on, we were hearing that COVID would probably lead to anywhere from 20 to 40 percent increase in healthcare premiums in the next year. COVID is one issue, but we have a whole host of issues in California, and when people can’t afford or access healthcare, that’s probably going to lead to a lot more problems and even a lot more illnesses and deaths than COVID has. So I think we need to strike that balance between being responsive to COVID, but realizing it’s only one piece of the puzzle.”

-Legislative Director, California State Assembly, R



Small Business Closures

“We’re calculating about 20% or so of our local small businesses and restaurants are going to be remaining permanently closed. That’s going to hit us a little bit in the sales tax. Sales tax is about 20% or so of our revenue.”

-Mayor, R



Uncertainty Around State Budget

“Over the last five or six years, we’ve had significant surpluses in the budget, and so there’s then a lot of capacity to add new programs and try new things and be innovative. And now that has completely evaporated, and there’s a lot of uncertainty about what the future looks like.”

-Legislative Director, California State Assembly, D

1. The 2021-22 Budget: California's Fiscal Outlook: <https://lao.ca.gov/Publications/Report/4297>

Economic Impact of COVID-19

Revitalizing California's Economy

California policymakers highlight three main priorities for revitalizing the economy: stimulating economic growth, supporting small businesses, and addressing state and local budget gaps.

Stimulate the Economy

"You've got to focus on making sure that California has the financial resources it needs to ensure the health of its public, the health of its citizens, and that it's doing everything it can in a financially responsible way: addressing budget shortfalls and trying to stimulate the economy because it doesn't seem like the federal government is going to be providing much of any help."

-Policy Consultant, California State Senate, D

Support Small Businesses

"Small business is the backbone of most states' economies and certainly in California. I think 50% of our workforce is employed by small businesses, and I think 99% of businesses in the state are small businesses. A lot of those businesses are also owned by minorities and immigrants, so I think the state's going to really be looking at, not just the core support of loan forgiveness or access to loans and grants, but also looking at how to make available the resources that those businesses need to come back."

-Senior Staff, California Office of the Governor, D

Address State and Local Budget Gaps

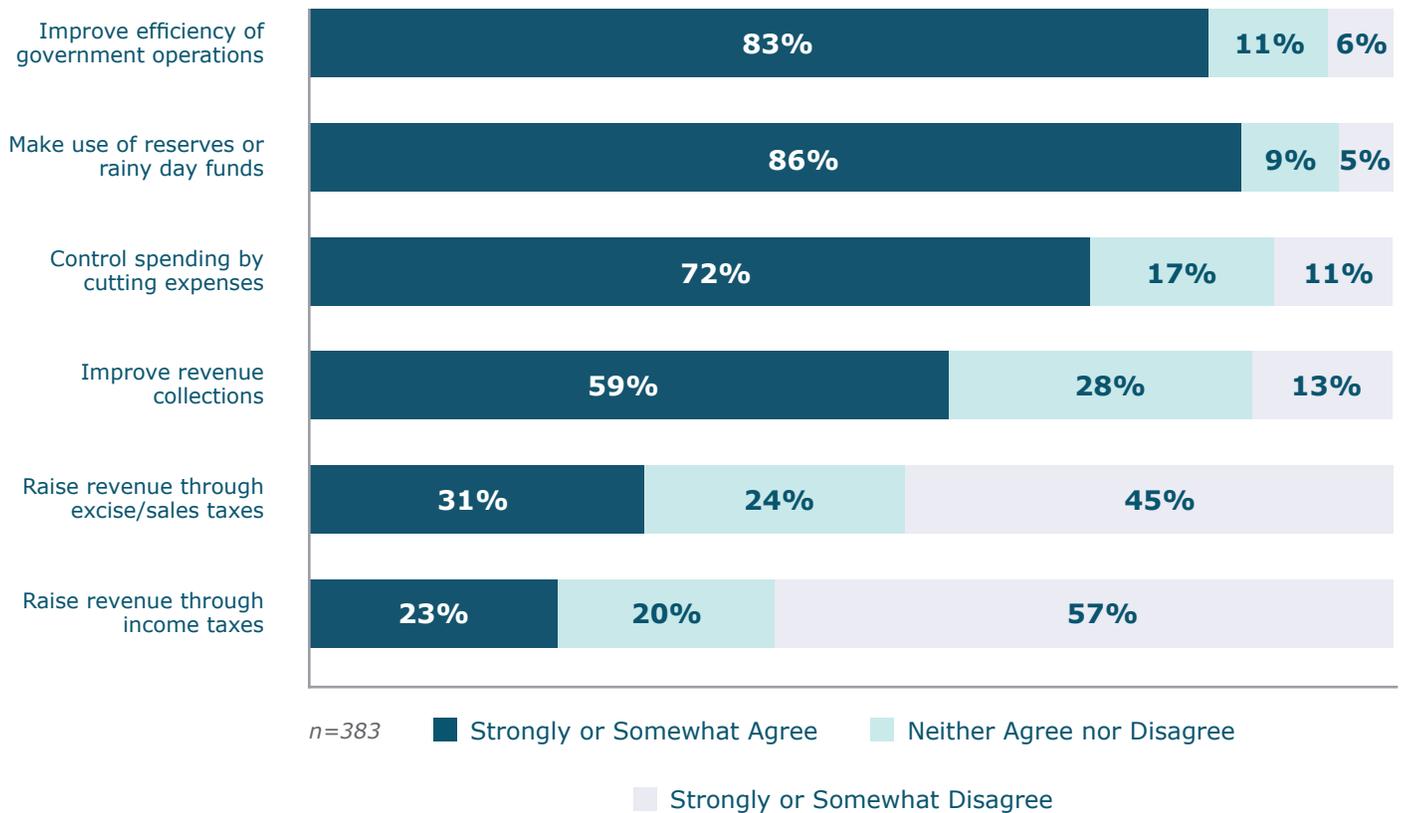
"The question is, are we going to have to institute new accounting tricks, defer payments, or make genuine cuts in services? If businesses are making the decision that it is too onerous in this environment for them to either open up or if they're deciding to close down permanently, there is, of course, a direct effect on the community itself losing that business. But there's also a multi-year impact on the loss of the sales tax that we would be collecting on that business' commerce. So now we're talking about reduction to our long term tax base which exacerbates that challenge of providing services."

-Staff, Municipally-Focused Association

Economic Impact of COVID-19

Policymaker Views on How to Address Pandemic-Related Budget Gaps

“Do you agree that your state should consider the following approaches to manage budget gaps that might arise from the pandemic?”



Policymakers indicate a desire to address budget gaps through improving operational efficiencies within the government, making use of rainy day funds, and cutting expenses, rather than raising taxes on individuals.

Republicans are more strongly opposed to raising revenue through income taxes with **66% of Republicans** strongly disagreeing, compared to **17% of Democrats**.

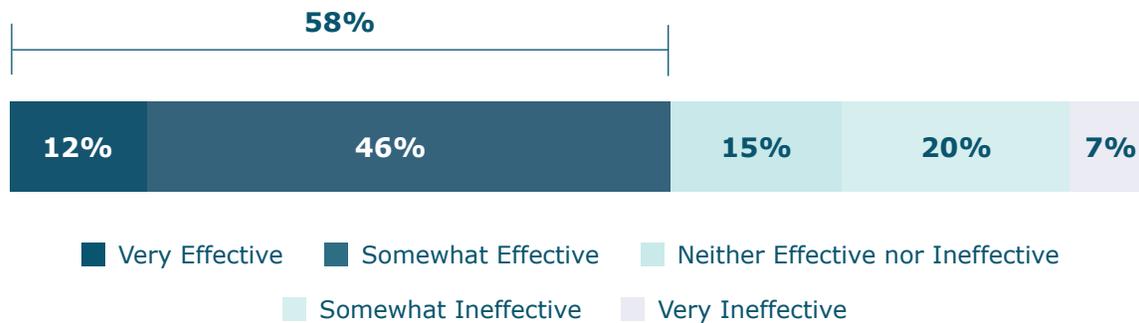
Business Response to COVID-19

Business Response to COVID-19

A majority of policymakers surveyed, across both parties, believe that the private sector has been effective in tackling COVID-19 related issues. More than two-thirds (67%) of Republicans and a majority (53%) of Democrats say they believe businesses and associations have been either very or somewhat effective.

Private Sector Effectiveness in Tackling COVID-19 Challenges

“In your view, how effective has the response of the private sector (e.g., businesses and associations) been in tackling COVID-19 challenges?”



n = 537

PBI* Score Improvement for Corporations and Associations

Since 2018, we have tracked the policy brand scores—Ballast Research’s quantitative measure of reputation among policymakers—of California corporations and associations.

While scores increased each year, both corporations and associations experienced the largest increase in the past year. This sharp increase in 2020 may be attributed to the COVID-response efforts by the business community that policymakers acknowledged in the previous question.

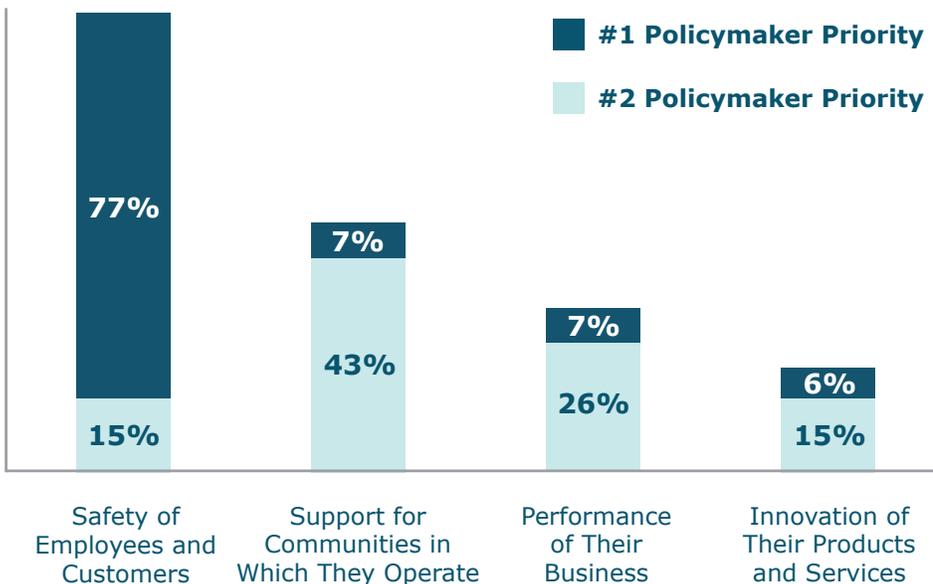


*The Policy Brand Index (PBI) is a combination of factors based on the four distinct measures of policy brand: Respect, Consideration, Influence, and Sharing.

Business Response to COVID-19

What to Focus on to Support State Recovery

“To support your state's recovery, what should businesses focus on?”



In the midst of COVID-19 recovery efforts, policymakers believe that businesses should primarily focus on the safety of employees and customers as well as support their local communities.

n = 343



Providing Safe and Clean Workspaces

“I definitely think that the private industry has a responsibility to ensure that they’re safer, that they provide a clean facility on a regular basis. It’s ultimately the responsibility of the business owner or the business leadership to provide facilities and a workspace that is secure, clean, and safe until we are able to find a vaccine for COVID-19.”

-Trustee, Municipal Board



Donating Money and Supplies

“It really warms my heart to see what the private sector has done. Businesses are stepping up. They are using their money to donate to groups so that they can go out and buy PPE from the hospital. They buy it and they turn around and donate it. That is awesome. That’s what the private sector is doing.”

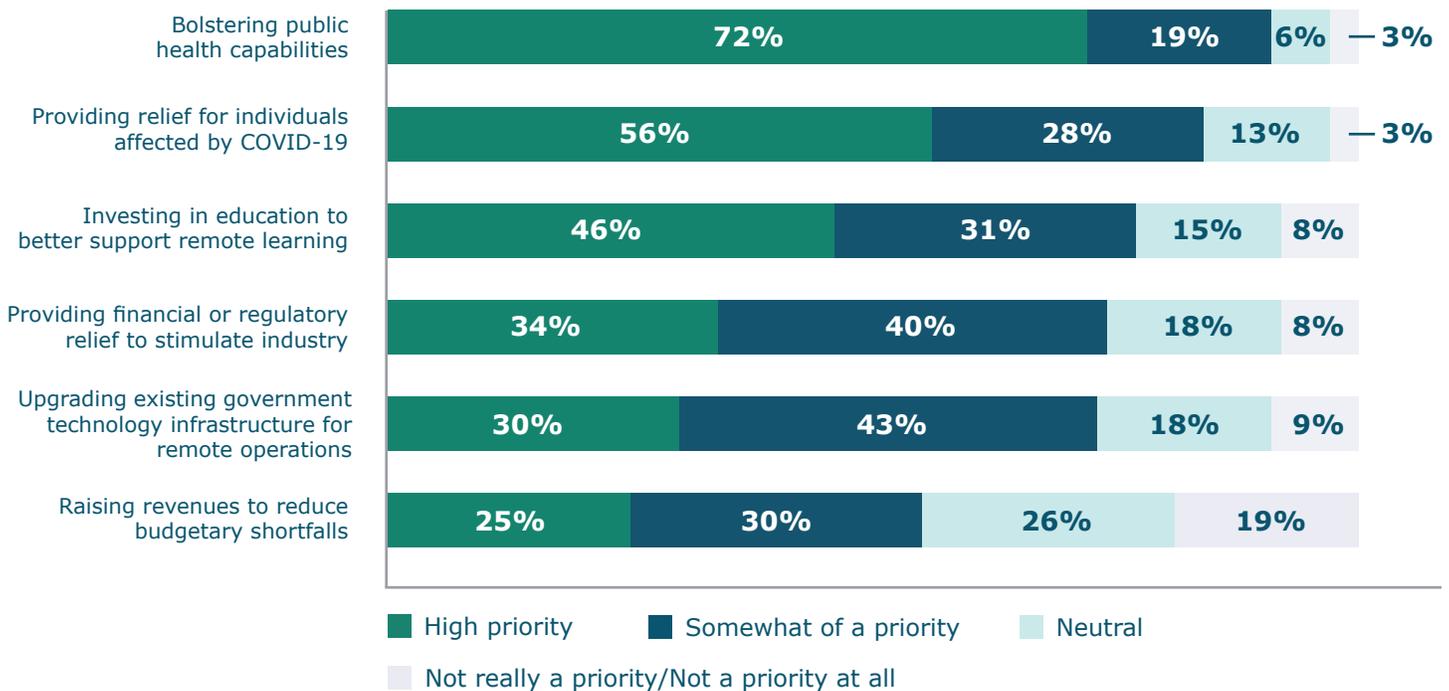
-City Council Member

Moving Forward

As we head into early 2021, states across the country face the same question: how do we reopen safely? Policymakers, business leaders, and citizens are eager to get California back to some semblance of “normal,” but not at the expense of public health.

Policymaker Priorities

“In light of COVID crisis, which should the state prioritize (please rank the following choices)?”



n = 535

Strengthening Public Health and Aid in Response to COVID-19

When we asked policymakers about what California should prioritize in response to the COVID-19 crisis, there was bipartisan agreement that the state needs to strengthen its public health capabilities and aid individuals affected by the virus.

“There’s a lot of pressure to reopen the economy, but at the same time if cases are not being controlled, it’s just going to drag out more, right? The longer that we are not able to control the spread, the longer it’s going to affect the economy.”

-City Council Member, D

Moving Forward

Most respondents express the need to improve supply of and access to PPE and tests and to enact necessary precautions **to ensure public safety before the state reopens.**

“The big policy priorities are the economic recovery, ensuring that we have adequate capacity in PPE and testing, contact tracing, and all the components that go with being able to open up an economy and do it safely.”

-Chief of Staff,
California State Senate, D



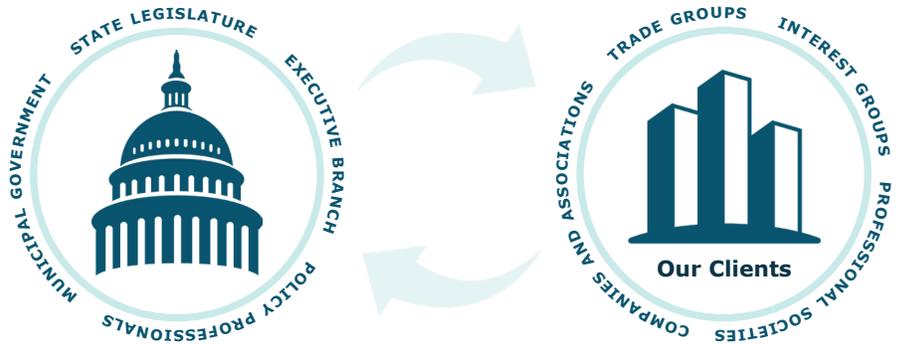
“One priority is moving towards a more rigorous opening of the economy within the confines of controlling the disease. So that is not necessarily just increasing our test-and-trace capabilities on the public health side, but being able to phase open certain businesses that are maybe not essential to existence but are essential to keeping communities safe, sane, and functional.”

-Legislative Director,
California State Senate, R

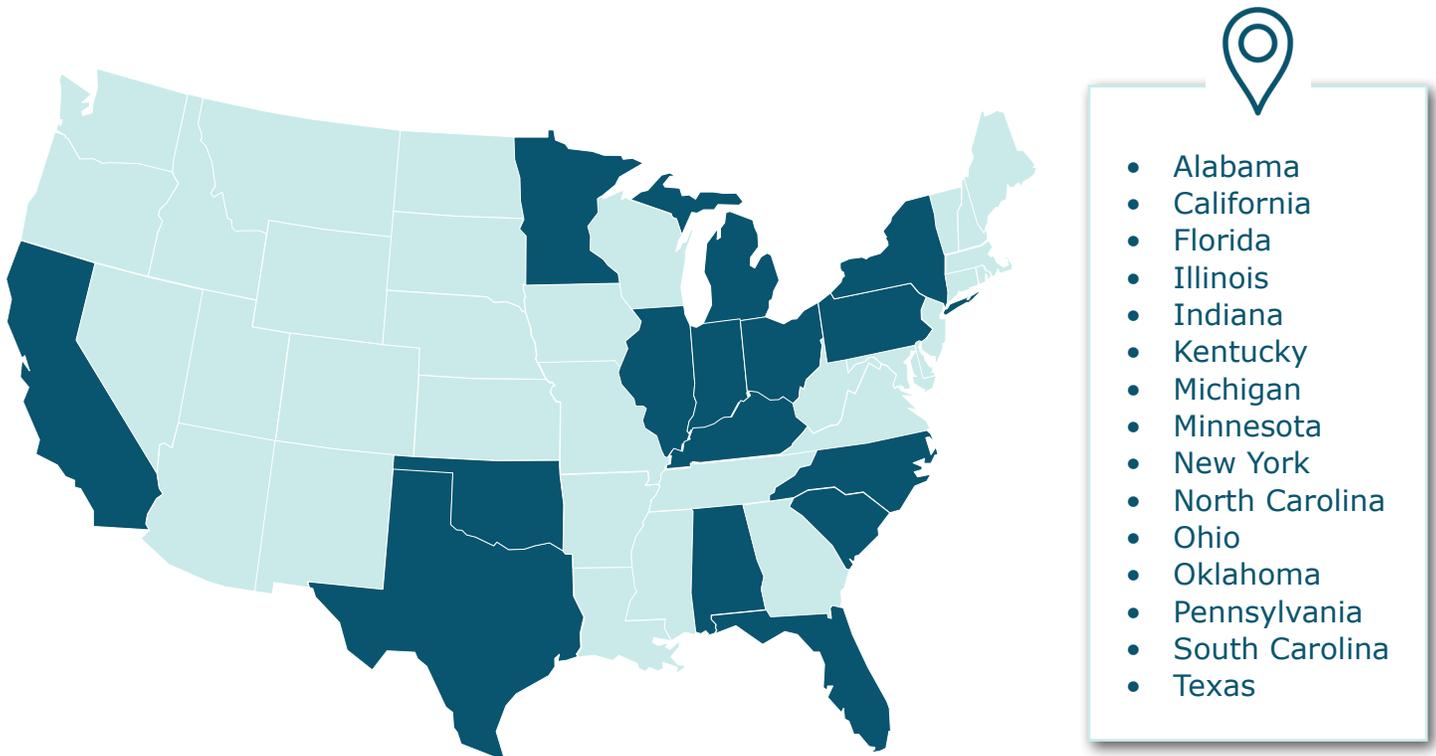
**About Ballast Research's
States Insights Review**

States Insights Review

Ballast Research provides direct feedback from senior policymakers to government relations professionals, helping advocates make better use of policymakers' time and provide the resources most useful to those in government.



Our Presence



Our Promise

Confidentiality: All participation in our research is confidential and not for attribution.



Credits

Principal Author

Nash Wiley

Senior Content Strategist

Allison Turnipseed

Senior Associate, External Affairs

Jessica Kirchner

Research and Digital Engagement Manager

Sarah Devermann

State Research Managers

Gabby Marzke

Sabiha Ozgur

Director of Qualitative Research

Matthew McCarthy

Director of Quantitative Research

Mackai Tapleshay

Chief Communications and Marketing Officer

Jamie Smith

Chief Research Officer

Michael Griffin

President

Michael Gottlieb

A Note on Use of These Materials

This document has been prepared by, and comprises valuable proprietary information belonging to Ballast Research. It is intended for educational purposes only. Except as permitted under the United States Copyright Act of 1976, no part of this publication may be reproduced or distributed in any form or by any means, or stored in a database retrieval system without the prior written permission of Ballast Research. The use of copyrighted materials and/or images belonging to unrelated parties and reproduced herein is permitted pursuant to license and/or 17 USC § 107.

Legal Caveat

Ballast Research has worked to ensure the accuracy of the information it provides in this report. This report relies upon data obtained from many sources, however, and Ballast Research is not able to guarantee the accuracy of the information or analysis contained in these materials. Furthermore, Ballast Research is not engaged in rendering legal, accounting, or any other professional services. Ballast Research specifically disclaims liability for any damages, claims or losses that may arise from a) any errors or omissions in these materials, whether caused by Ballast Research or its sources, or b) reliance upon any recommendation made by Ballast Research.

