



California Policy and Politics

2024 — 2025 PRIMER

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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.



Chapter One

Introduction

While the Democratic Party retained every major California leadership position in 2024, voters sent a clear message: they don't hold the same progressive values and are hesitant to open their wallets.

Democratic nominee and former U.S. Senator Kamala Harris [lost vote shares in all but one of the state's 58 counties compared to Joe Biden in 2020](#) while her Republican counterpart Donald Trump flipped 10 California counties: San Joaquin, Imperial, Lake, Riverside, San Bernardino, Butte, Inyo, Fresno, Merced and Stanislaus.

Voters' rightward shift also manifested in a refusal to pass ballot initiatives to [raise the minimum wage](#), [ban forced labor in prisons](#) and allow cities to [curtail rent increases](#). Voters also decided to roll back decades of work to reduce the jail and prison population by [passing Proposition 36](#), which imposes harsher sentences for certain crimes.

Those conservative-leaning November actions echoed those of some California cities and Gov. Gavin Newsom, who, earlier in the year, sought to remove homeless encampments immediately following the [Grants Pass v. Johnson](#) Supreme Court ruling. That decision allows cities to cite and fine people for sleeping outside in public places even if there is no shelter available. Newsom, who has often postured as helping lead a resistance movement against Trump, demanded state agencies clear homeless encampments, and urged cities to do the same or risk losing out on state funding. On this point, he and Trump actually [have a similar agenda](#).

Voters and state leaders also agreed on three bonds: A \$6.1 billion bond to rebuild the state's behavioral health system by having counties redirect some of their existing funds from community services to provide housing; a [\\$10 billion bond for school repairs](#); and another \$10 billion bond to advance California's renewable energy goals.

But at the close of the year, the outlook for 2025 hinged largely on the concerns about what policies at the federal level might affect the state when it comes to the economy, education system, environment, homelessness, health and health care and technology.

Newsom was the only governor to call for a special session in December to ["Trump proof"](#) the state, allowing for legal challenges to potential Trump policies in the same way the state did during Trump's first administration.

With just two years left on his term, it's unclear what Newsom's future holds — he has repeatedly said he has no interest in the presidency while making national media appearances that are odd for someone with no presidential ambitions — and which politicians will line up to fill his job in 2026.

One thing about the coming year is certain: It won't be boring.

— Kristen Go, Editor in Chief



Chapter Two

Governor

As President Joe Biden's re-election campaign imploded this summer, Gov. Gavin Newsom was at the center of the furor.

He became arguably the [most prominent and forceful surrogate](#) for Biden through the chaos that followed the president's debate debacle in June, championing Biden in interviews and on the campaign trail as fellow Democrats questioned whether the president was still up to the job.

Newsom's role as head cheerleader raised his own political capital in the process, thrusting him into the [top tier of prospects bandied about](#) as a possible replacement nominee, even though Newsom publicly denies any presidential aspirations.

That opportunity eventually [went to Vice President Kamala Harris](#). But her November loss to President-elect Donald Trump has resurfaced questions about what might await Newsom after his term ends — just in time to potentially run for the White House in 2028.

Just days after Trump's victory, Newsom was already [positioning California as the leader](#) of the resistance to a second Trump administration, calling a special legislative session to [seek funding for expected litigation](#) against the federal government. Could returning to the role of resister-in-chief boost Newsom's appeal to the loyal Democrats, even beyond California's borders, who will decide the next presidential primary? Or would another California liberal [just be seen as too risky](#)?

In the meantime, Newsom still has a state to manage.

It was a tough year for the governor, who had to negotiate a state budget [closing an estimated deficit](#) of tens of billions of dollars. His political capital took a bruising when California voters [barely adopted his plan](#) to overhaul how the state cares for people with serious mental illness, a major policy priority, and then again when he [unsuccessfully maneuvered to remove](#) a tough-on-crime measure from the November ballot, which [ultimately passed overwhelmingly](#).

Newsom got a boost by [leaning into his ongoing feud](#) with the oil industry over gasoline prices. Despite [facing some resistance from lawmakers](#) and skepticism over the effectiveness of his proposal, Newsom pushed a bill through the Legislature this fall to smooth out seasonal price spikes by increasing state oversight of refinery maintenance.

2025 outlook: State fiscal officials project California is entering a period of [growing budget deficits](#), imperiling Newsom's ambitions for [big, expensive new programs](#) to reboot the state's sluggish economy and fight back against a second Trump administration. After a disappointing election for Democrats, California's legislative leaders are also [urging a renewed focus](#) on lowering the cost of living in the state. If he finds there is a diminished appetite for anti-Trump resistance the second time around, Newsom will need to decide whether he keeps playing to a national audience or turns his attention more fully to the problems of California.

— Alexei Koseff



Chapter Three

Legislature

Against the backdrop of the election, the Legislature's year was marked by debates over retail theft policies, an [11th-hour special session called by the governor](#), and a dramatic shelving of [two reparations bills](#).

On the final night of the session, August 31, Gov. Gavin Newsom called a special session so the Legislature could pass bills intended to lower gas prices for Californians by requiring oil companies to [increase their reserves](#). It was, at that point, the second special session in as many years, and prompted rare resistance from Senate Pro Tem President Mike McGuire, not because of policy differences, but because McGuire didn't think it was necessary.

That wasn't the only showdown between the Legislature and the governor this year. After some lawmakers initially resisted Newsom's push to place a [crime measure on the ballot](#), the branches came together to pass a slate of [retail theft bills](#).

The Legislature also passed [12 bills](#) borne out of the state's [reparations task force](#), including a formal apology for California's role in the perpetuation of slavery. But in the final week, the Assembly failed to take up two bills, to the frustration of supporters, aimed at eventually disbursing direct cash payments to descendants of people enslaved in the United States.

While lawmakers were, in theory, constrained by the [second year of a budget deficit](#), they still managed to pass some key legislation, including a contentious bill preventing [school boards from adopting policies to inform parents](#) if students use a name or pronoun that does not align with their biological sex. The Legislature also passed bills [regulating artificial intelligence](#), allowing tribes to [sue private gambling halls](#) and banning [legacy admission at universities](#).

The 2024 year was the first full year presided over by new Assembly Speaker [Robert Rivas](#), a Democrat from Salinas, and [McGuire](#), a Democrat from Santa Rosa. The Legislature and governor largely saw eye-to-eye on bills: Lawmakers sent 1,206 bills to Newsom, of which he vetoed [189](#) — on par with the state averages over the last decade.

2025 outlook: Legislative leaders in December [limited the number of bills members could introduce](#) from 50 in the Assembly to 35, and from 40 to 35 in the Senate. The new class of legislators represents the most women ever elected; for the first time, half the state senate will be women, finally reflecting the state's population. The Republican Caucus [also grew more diverse](#).

After Donald Trump won the presidential election, Gov. Gavin Newsom called the third special session of the last two years to pass bills that [allocate funding for the state's Department of Justice to sue the Trump administration](#) as needed. A fresh Trump administration will be round two of a showdown between California lawmakers and the federal government.

— Sameea Kamal



Chapter Four

Budget

To understand what happened with the state budget in 2024, you have to go back to 2023.

That year Gov. Gavin Newsom and Democrats who control the Legislature [decided against](#) raiding the state's roughly \$37 billion rainy-day fund despite a shaky fiscal picture. Those dollars came in handy as lawmakers grappled to plug an estimated \$56 billion shortfall this year and next.

That the state had a major deficit [is partly the fault of flying fiscally blind](#): In response to devastating storms, federal and state tax collectors extended filing deadlines last year well past the date lawmakers normally finalize the state budget. The state spending plan last year assumed more revenue than what ultimately flowed in, all because key data wasn't available in time.

What are these deficit numbers in context? The [state's general fund budget](#) — spending on schools, health care, prisons, green energy initiatives and more — from July 1 to next June is \$298 billion, among the highest ever. As recently as 2021, the state was [spending \\$270 billion](#).

How'd lawmakers close this year's budget chasm? For starters, they pulled \$12 billion from the state's reserves for the next two years. Lawmakers also cut most state agency allocations by almost 8%, eliminated thousands of vacant government jobs and got rid of a handful mid-sized spending programs — savings of \$16 billion. [Gone was a plan](#) to have the state lend colleges money to build more student housing, \$1.1 billion in affordable housing and about \$500 million for a new program that would have paid college students to work in jobs tied to their majors.

Among the few state programs that actually saw their budget grow? [Public colleges and universities](#), though the University of California and California State University are slated to see those 8% cuts next year, unless the state budget picture improves.

2025 outlook: Revenues so far are [higher than what was anticipated](#) thanks to big gains in the stock market, [particularly in tech](#), and the income tax those investors pay. But the Legislature's independent budget analysts say all that extra revenue [doesn't mean there's room to spend more](#), in part because they're projecting multi-billion dollar deficits through 2028-29. Plus, so much of what California spends money on now is expected to get more expensive.

Ultimately how much the state decides to spend on its vast array of programs — we're not the fifth largest GDP in the world for nothing — depends on the stock market and the incomes of California's richest residents. Capital gains taxes from a hot Wall Street means big bucks for the state's programs.

A Republican-led White House and Congress with an eye toward tax cuts [might spur stocks to soar](#) (though tax cuts often mean federal program cuts). But President-elect Donald Trump's plan for heavy tariffs and mass deportations of undocumented workers could crimp the economy because of [higher inflation and worker shortages](#).

— Mikhail Zinshteyn



Chapter Five

Economy

California heads into a year of uncertainty that will be shaped in part by the actions of the incoming presidential administration.

The state started this year with a multibillion-dollar budget deficit that has been mostly erased with help from its [increasing reliance on the fortunes of Silicon Valley](#). With companies like Nvidia enjoying outsized revenue, profit and stock market gains, [the taxes tech companies and employees paid](#) into California coffers helped bring the deficit down. The Legislative Analyst's Office recently said [the budget is "roughly balanced,"](#) estimating a \$2 billion deficit next year.

That will be of some help as Gov. Gavin Newsom tries to shore up funding for anticipated legal action against the administration of Donald Trump and balance that with all the state's other needs. Among the promises of the president-elect that could have negative consequences on California include [mass deportations](#) and [tariffs](#).

The state, which counts on income taxes for a big portion of its revenue, had an unemployment rate of 5.4% as of October. California is trying [a regional approach to creating jobs](#), but the outcome of those efforts will depend on other factors, such as how businesses deal with the possible effects of tariffs. If businesses' costs go up because imports become more expensive or their exports decline because of retaliatory tariffs, job creation could go down.

[The cost of living](#) and doing business in California continued to rise, prompting both people and companies to move away — though some companies' headquarters moves [were largely symbolic](#) because many of their employees remained in the state. Democratic legislative leaders said recently they [plan to focus on policies to tackle the state's high cost of living](#), including building more housing.

2025 outlook: Californians are dealing with higher property insurance costs because many insurance companies stopped writing new policies in the state, citing wildfire risks and higher costs. Insurance Commissioner Ricardo Lara's [plan to address the insurance crisis](#) will take effect in early 2025, and whether it works could affect not just individual property owners but also [renters](#), small businesses and the housing supply.

The state owes the federal government \$20 billion for unemployment insurance, which has prompted the legislative analyst to recommend overhauling [the way the unemployment insurance benefit system is funded](#). If lawmakers fail to address the issue, the system will continue to be underfunded and businesses will face increasing costs to pay down the debt. It would add to companies' growing complaints about the costs of doing business in the state.

Lastly, federal funding for schools, universities, health care, [job training](#) and more have big question marks around them as Trump begins a second term. Costs for programs that the U.S. government has traditionally helped pay for could shift to local and state governments and affect the state's economy as a whole.

— Levi Sumagaysay



Chapter Six

Health

California voters made several major health care decisions at the ballot box in 2024.

By a narrow margin in March voters approved [Proposition 1](#), one of Gov. Gavin Newsom's marquee efforts to expand and reform the state's behavioral health system. This ballot measure included a \$6.4 billion bond to build more treatment beds and permanent housing for people with mental health and addiction disorders. Additionally, it required counties to redirect some of their existing mental health funding from community services to housing homeless people. The idea is that creating more treatment facilities and housing will keep people with serious mental illness off the streets and out of jails. The governor's office has already released some funding from the measure and it has promised [transparency and progress reports](#) to the public.

Then in November, voters passed [Proposition 35](#), which required that revenue generated from an existing tax on health insurance plans be reserved specifically for health care purposes rather than to offset the state's general fund spending. The tax revenue — an estimated \$35 billion over the next four years — is in part to be used to [increase what Medi-Cal reimburses doctors](#), who for years have protested that the pay they receive to see low-income patients is not sustainable.

Meanwhile lawmakers pushed through some new protections and benefits for Californians, including an incoming law that [prohibits medical debt from showing up](#) on people's credit reports. This should make it easier for people with a medical balance to rent a home or buy a car starting next year. A second law will require certain [health insurance plans to cover in vitro fertilization](#) for the first time, providing some financial relief to families looking to start a family with the help of this treatment. In response to a growing number of California hospitals [shutting down their maternity wards](#) lawmakers also passed a law that requires hospitals to increase their public notice window to 120 days before shutting down perinatal services.

The Newsom administration saw a significant departure from its health team this year. [Dr. Mark Ghaly](#), who was instrumental in California's COVID-19 pandemic response as the state's Health and Human Services secretary, stepped down in September. Kim Johnson, who formerly led the California Department of Social Services, is the new secretary. Johnson steps into this role at a critical time. Health officials are currently monitoring [the H5N1 bird flu virus](#) that some experts say is one mutation away from spreading to humans and creating perhaps yet another pandemic.

2025 outlook: California is already in defense mode as it prepares for a second Trump administration. Democrats are developing new plans to strengthen the state's abortion protections, and public health experts are warning about a potential wave of vaccine and medical disinformation if Robert F. Kennedy Jr. is confirmed as secretary of the U.S. Department of Health and Human Services. Some experts worry that key insurance programs such as the Affordable Care Act and Medicaid, also known as Medi-Cal in California, could come under attack. Federal actions this coming year are almost certainly to result in litigation and pushback from the Golden State.

— Kristen Hwang



Chapter Seven Housing

California lawmakers in 2024 made good on a promise to push for more housing construction and hold accountable cities that resist creating affordable homes. But finding money to pay for all that new housing was another matter.

State officials continued to [lock horns in court with Huntington Beach](#) over the Orange County city's refusal to plan for thousands of new homes; they reached a legal settlement forcing the Sacramento suburb of [Elk Grove](#) to approve more affordable housing; and they sued Norwalk after its city council passed [a ban on homeless shelters](#) and supportive housing.

Lawmakers [chopped more than \\$1 billion](#) in spending on affordable housing programs this year to help close a projected budget deficit – though they did dole out \$1 billion for local governments to fight homelessness – and scrapped plans to put a housing construction bond measure on the November ballot. In the Bay Area, a local financing authority [yanked a \\$20 billion housing bond](#) from the ballot at the last minute amid concerns it wouldn't pass.

A \$500 million state program aimed at helping tenants and community land trusts buy distressed buildings and preserve them as affordable was killed after the state's Department of Housing and Community Development [failed to award any grants](#) for three years.

At the ballot box, a push to [expand cities' ability to enact local rent control](#) lost to a well-funded campaign by landlords and realtors, who said the measure would [make it less profitable](#) to build new multifamily housing. The AIDS Healthcare Foundation, a non-profit that has been the major funder of several rent control ballot propositions in California, suffered a double-whammy loss when voters also approved a measure that will [make it harder for the organization to bankroll such campaigns](#) in the future.

Renters did score some wins: A new law set to take effect in January that will give them twice as much time to [respond to eviction notices](#), and as of this spring, landlords of new apartment buildings constructed with state low-income tax credits will have to [cap rent increases](#) at 10% per year.

As 2024 drew to a close, cities like [Los Angeles](#) and [Berkeley](#) weighed major rezoning proposals that would make it easier to build multi-family housing in [resource-rich neighborhoods](#).

2025 outlook: California's leaders will need to figure out how to fund and incentivize construction and preservation of affordable homes to meet their goals. A major unknown is [how the incoming Trump administration's policies will affect the state's housing crisis](#). President-elect Donald Trump has pledged to raise tariffs on foreign-made goods and deport large numbers of undocumented immigrants, both of which experts say would hamstring housing construction. His administration could also reduce federal support or tighten eligibility rules for [public housing and Section 8 vouchers](#), confronting California with the choice of whether to bridge the gap for residents who rely on that assistance.

— Felicia Mello



Chapter Eight

Homelessness

2 024 was the year California cracked down on [homeless](#) encampments.

Fed up with tents taking up sidewalks, parks and vacant lots, officials throughout the state ramped up efforts to remove camps – sometimes even resorting to arresting people for illegal camping.

The biggest shift came in June with the [Grants Pass v. Johnson](#) Supreme Court ruling, which gives cities new authority to arrest, cite and fine people for sleeping outside in public places – even if there is no shelter available. Gov. Gavin Newsom quickly followed the ruling with an [order of his own](#): He demanded state agencies clear homeless encampments, and urged cities to do the same or risk losing out on state funding.

California cities were [quick to react](#). A little more than two months after the court ruling, more than two dozen cities and counties had passed or proposed new ordinances banning camping, or updated existing ordinances to make them more punitive. Unhoused Californians, as well as the activists who fight for their rights, [told CalMatters](#) that sweeps had become more frequent and more aggressive.

As they ramped up sweeps, California cities used different strategies to relocate people displaced from homeless encampments. San Diego moved hundreds of people into [sanctioned encampments](#). Los Angeles put people up in [hotels](#).

2024 also was the year where everyone promised greater accountability. An [April audit](#) found the state fails to track how much it spends on homelessness and which state-funded programs are successful. Following that scathing report, Newsom added [new rules](#) requiring cities and counties to better track outcomes when spending state homelessness dollars. He also promised to ramp up enforcement against cities and counties that don't do their part, and in November, his administration [sued the city of Norwalk](#) for putting a moratorium on the construction of new homeless shelters .

Meanwhile, CalMatters crunched new data to show California's homeless population increased to [nearly 186,000 people](#) in 2024 – up 8% from 2022.

What's next in 2025?

One thing to watch for in the upcoming year will be how the new administration under President-elect Donald Trump handles homelessness at the federal level. Homeless service providers throughout California rely on federal grants, and some operators worry their funding could get cut.

But there is one issue where Trump and Newsom are [more aligned](#) than you might think: and that's how to handle homeless encampments. Trump has promised to tackle encampments by working with states to ban urban camping and arrest people who don't comply. But many cities in California already started doing that this year, and Newsom has urged local officials to crack down.

— Marisa Kendall



Chapter Nine

K-12 Education

California students continued to [recover from the pandemic](#) in 2024, with test scores inching upward, graduation rates improving and discipline rates falling. Perhaps most importantly, more students showed up for class. Chronic absenteeism soared in the wake of COVID-19-related school closures, peaking at 30% two years ago. But this year, that number dropped to 19% — still almost twice the pre-pandemic rate, but a vast improvement for schools that had struggled to lure students back to campus.

Much of the improvements in student performance can be attributed to [heavy investments from the state and federal government](#). California spent billions on tutoring, after-school programs, counselors, summer school and other programs meant to help students rebound academically and emotionally from the pandemic.

One of the more significant investments was made through Proposition 28, which brings more than [\\$1 billion annually to schools for arts education](#). After decades of cutbacks, arts education was once again in the spotlight last year, as schools rolled out theater programs, music and dance lessons, visual and media arts and other creative endeavors.

But that might be one of the only funding sources that's safe. Pandemic relief grants expired in 2024, and schools are likely to see their revenues decline as enrollment shrinks in many parts of California. That could lead to a wave of [school closures](#), especially in urban areas.

Schools got some good news in November when voters passed [Proposition 2](#), a \$10 billion bond for much-needed school repairs and upgrades. Although it [favors wealthier districts](#) over lower-income and rural districts, the money will be a [lifeline for districts](#) plagued with broken air conditioners, asbestos, lead pipes, unsafe electrical wiring and other hazards.

2025 outlook: California schools will be adapting to [political changes at the federal level](#), including the possible elimination of the U.S. Department of Education. If that happens, schools would likely see changes to special education, data collection, the ban on gender-based discrimination in schools and funding for low-income students. President-elect Donald Trump has also supported vouchers for parents to send their children to private schools, which has been unpopular in California but may surface as a national issue, along with attacks on so-called “woke” curriculum. The rights of transgender students is also likely to be a flashpoint in 2025, as the Trump administration is expected to crack down on school districts that protect students who identify as a gender other than what they were assigned at birth. If the federal government moves ahead with mass deportations, California schools could see major disruptions. An estimated 100,000 K-12 students in California are undocumented, and almost half of all students have at least one immigrant parent.

— Carolyn Jones



Chapter Ten

Higher Education

What was the state of higher education this past year? In a word, upheaval.

California's colleges and universities were home to paroxysms of faculty and student fury over pay, free speech, the war in Gaza and the deep wounds of [antisemitism and Islamophobia](#).

And like the 1960s — [another era](#) of campus protest that ended with the narrow victory of a conservative politician riding a wave of cultural resentment — California's public universities became national poster children for that social upheaval. But 2024 was also a financially propitious time for California's nearly 150 public colleges and universities. While lawmakers [cut expenses](#) of most public agencies to address a huge budget shortfall, [they spared higher ed](#), growing public funding [for those institutions](#). They also poured [more money](#) into student financial aid, though not as much as some [advocates and lawmakers wanted](#).

Here's a brief timeline of the major events in California higher education in 2024:

- California State University faculty strikes, January — The faculty union for the first time in its history went on a systemwide strike over wages and benefits. [The plan was to strike all week](#), but the labor walkout ended the day it began after union leaders got most of what they wanted, [including wage increases of 10%](#).
- Financial aid turmoil, February through April — A major technological glitch in the federal government's revised financial aid application [prevented tens of thousands of California students](#) whose parents don't have Social Security numbers from submitting their applications. While a federal matter, this forced state lawmakers to push back the deadline for state financial aid, allowing students to apply for as much as \$17,000 in annual grants and scholarships [two months after the normal date](#). The fast action and extension led to [more students applying for financial aid](#).
- Encampments, protests, crackdowns — In April protesters who were [mostly students and faculty](#) erected overnight encampments at leading California campuses as part of their protest against the war in Gaza. They wanted to pressure their campuses to divest from financial ties to companies or investments that did business with Israel. They also targeted investments in weapons manufacturers. Those encampments often [violated campus policies](#), but the focal point was on UCLA, where a mob of pro-Israel protesters [attacked a pro-Palestinian encampment](#). The next day, police began making arrests as they [cleared the encampment](#). That incident plus others at the UC system [sparked a graduate-student strike](#). The [legal fallout](#) or UC's actions and the labor walkout then played out [over several months](#). Both [Cal State](#) and [UC leaders](#) reiterated existing policies against encampments before the start of fall term.

2025 outlook: How will Donald Trump's second go as president affect college funding and student life? With control of Congress, Washington may target Biden-era [loan forgiveness programs](#), affecting many [borrowers in California](#). Trump's stated desire for mass deportations would be perilous for California students — either those who are themselves undocumented or have parents or relatives who are. Meanwhile, [Cal State](#) is eyeing budget shortfalls if lawmakers follow through on their promises to cut spending.

— Mikhail Zinshteyn



Chapter Eleven

Environment

California strived to maintain its environmental leadership in 2024, with voters approving a \$10 billion environmental bond and the state advancing its renewable energy goals — all while navigating a major budget deficit.

The Legislature approved only a few new major environmental policies. Gov. Gavin Newsom and the Legislature [scaled back](#) their “California Climate Commitment” spending package to \$44.6 billion from \$54.3 billion. Voters [approved Proposition 4](#), a \$10 billion bond that will fund [projects across the state](#) that aim to safeguard drinking water, combat wildfires, protect natural lands and improve resilience against floods and extreme heat.

On the clean energy front, the state [hit a milestone this year](#): 100 days with 100% carbon-free, renewable electricity for at least a part of each day. The California Energy Commission [approved a sweeping plan](#) to develop the state’s floating offshore wind industry in ocean waters — a first-of-its-kind effort that will require billions in investment and could transform parts of the coast.

In an effort to reduce greenhouse gases yet keep the oil industry alive, Kern County approved a project by the state’s largest oil and gas producer to [capture millions of tons of carbon dioxide and inject it into the ground](#). It’s the first attempt in California to capture and bury climate-warming greenhouse gases. Newsom declared a special session aimed at [reducing gas prices](#), though a month later, the California Air Resources Board [approved a highly controversial overhaul](#) of a climate program, the Low Carbon Fuel Standard, that likely will raise gas prices.

Managing California’s valuable water resources proved fraught in 2024 again. Colorado River basin states remained at odds over how to manage their unstable supply. In March, California, Arizona and Nevada agreed to [major cuts](#), but the federal government delayed a key environmental review, punting the problem to the incoming Trump administration. A [judge blocked](#) the state’s first attempt to enforce California’s landmark regulation aimed at ending the overpumping of groundwater.

The state notched its [hottest summer on record](#), including a record July heatwave and an unusually [late October broiler](#). Despite starting out ominously with the huge, out-of-control [Park Fire](#) in July, California wound up with a below-average wildfire year, although more than [a million acres still burned](#).

2025 outlook: [Donald Trump’s election victory](#) has alarmed state officials and environmentalists while the budget troubles will continue to make spending on climate and water initiatives a challenge.

California’s major water systems, its power to regulate vehicle emissions, federal backing of offshore wind projects and wildfire disaster aid all hinge on cooperation with the incoming Trump administration. The Trump administration is likely to challenge California’s car and truck emission standards. Farmers and urban water districts anticipate relaxation of environmental restrictions on Delta water exports.

In the Klamath River basin, 2025 could bring a resurgence of salmon following the [largest dam removal](#) project in history.

— Alejandro Lazo and Alastair Bland



Chapter Twelve

Justice

Californians moved right on criminal justice for the first time in more than two decades, voting for sterner sentences on minor crimes.

Those changes are expected to reverse a trend of falling prison and jail populations — but proponents hope they will also reduce street crime and open-air drug use.

The 2024 retrenchment marks a startling reversal of more than a decade of criminal justice policy in California, which was premised on reducing incarcerated populations, spending more on treatment and saving state dollars along the way.

No more. Now, Democrats in the Capitol just watched voters and legislators [steamroll past their proposals](#) for a middle ground and instead [line up behind Proposition 36](#), which increased penalties for some theft and drug crimes.

Meanwhile, California’s two best-known “progressive” prosecutors, the district attorneys of Alameda and Los Angeles counties, were [recalled or defeated in an election](#).

The state’s top Democrats also lined up behind Proposition 6, which would have banned forced labor in prison and jails, and [watched that measure fail](#).

To top off a bad year for California Democrats, the state’s [former attorney general](#) lost the 2024 presidential race.

Gov. Gavin Newsom spent the summer trying to [reassure voters](#) that the state was taking measures to combat street crime. He sent California Highway Patrol officers to work shifts in Oakland and directed National Guard lawyers to prosecute drug cases in Alameda County. Some locals were appreciative; others said the efforts were a mark of yet more overpolicing of communities of color.

Advocates for incarcerated people scored a couple of wins in the Legislature and in court. California is no longer [withholding the money](#) it is supposed to give people leaving prison at the time of their release. Hundreds of people who were [sterilized in California prisons](#) are eligible to appeal the denial of their requests for compensation.

2025 outlook: But California, with its harsher new laws and likely expanding incarcerated population, is looking at a big invoice in the future: The cost to imprison one person for one year in California [hit a record](#) of \$132,860 in 2024.

— Nigel Duara



Chapter Thirteen

Income Inequality

California continues to grapple with significant levels of poverty, [leading the nation as the state with the highest](#) poverty rate with disproportionately higher impacts on Black and Latino residents.

The state's poverty rate increased to 18.9% in 2023, up from 16.4% in 2022 and 11.0% in 2021, according to the latest available Census data. The state's poverty rate was particularly high among Black and Latino Californians and higher than the 2019 pre-pandemic numbers.

California's high poverty rate means that approximately 7.3 million state residents lack the resources to meet their basic needs. For perspective, more Californians live in poverty than the combined population of the state's four largest cities: Los Angeles (3.8 million), San Diego (1.3 million), San Jose (969,655) and San Francisco (808,988).

Major pandemic-era social safety net programs have phased out, leaving many Californians struggling. In early 2024, the re-evaluation of Medi-Cal income eligibility continued, resulting in [tens of thousands losing coverage](#) after the protections barring disenrollment expired. Similarly, the [boost to CalFresh benefits ended](#), and food banks reported unprecedented demand, with some regions experiencing sustained record numbers of clients.

Economic pressures and inflation spurred continued labor activity across California. Building on the "hot labor summer" of 2023, sectors such as hospitality, health care, and entertainment saw ongoing negotiations and new strikes. [California recorded over 80 labor actions](#) in 2024, with teachers, nurses, and public sector employees joining the movement.

Legislative efforts to provide unemployment benefits for workers on strike were revisited in 2024 but remained stalled. Meanwhile, minimum wage hikes in [health care \(\\$25 per hour by 2028\)](#) and [fast food \(\\$20 per hour starting April 2024\)](#) are expected to slightly alleviate income inequality in these sectors. However, analysts caution that [wage increases may be offset](#) by rising housing and childcare costs, which continue to outpace inflation-adjusted earnings.

A significant highlight for 2024 has been the roll-out of new guaranteed income pilot programs. With \$30 million in funding, these initiatives aim to provide no-strings-attached payments to low-income pregnant individuals and young adults exiting foster care. Early feedback from pilot sites indicates these programs have improved financial stability for recipients. Still, experts warn that limited funding and scope may not address the broader issue of systemic poverty.

2025 outlook: Rent increases in major metropolitan areas like Los Angeles and San Francisco remain a top contributor to poverty. Advocates are pushing for stronger tenant protections and additional investments in affordable housing. With fears of a potential economic slowdown, California's lower-income workers remain vulnerable to job loss and wage stagnation. The year will also test the effectiveness of minimum wage hikes and anti-poverty measures passed in previous years.

— Wendy Fry



Chapter Fourteen

Technology

Over the last year, California technology grew so pervasive and important that its impact finally became a central preoccupation of California government.

Some of that impact was positive, like a [surge of unexpected tax revenue](#) that likely came from one or more profit-gushing, capital-intensive Golden State tech companies like AI chipmaker Nvidia.

But lawmakers were more concerned with harms than benefits.

Gov. Gavin Newsom [signed into law](#) bills banning deepfake campaign ads, deepfake content on big online platforms, and disclosure of artificial intelligence content in advertising.

The governor also [signed a bill requiring California schools](#) to limit or ban student use cellphones, codifying statewide a practice that [has become increasingly common at the district level](#) as educators look to refocus students. Schools in Los Angeles and San Diego [took a more critical look at](#) their use of artificial intelligence after unhappy surprises involving chatbots and grading software.

The state bureaucracy moved to update enforcement of existing laws to account for AI. The California [Civil Rights Department moved to restrict](#) how employers use the technology to screen job applicants while the Government Operations Agency [set rules for how](#) state departments themselves use it.

There were limits to the regulatory impulse: The governor vetoed a bill to [make companies test large AI models](#) for their potential to help with mass attacks, reasoning [that the bigger threat](#) was overregulating an innovative industry. State agencies, meanwhile, [struggled to enforce](#) a law designed to help app workers.

2025 outlook: California lawmakers [must decide whether to accelerate their regulation of technology](#) under Donald Trump's second presidential term; Trump has promised to rescind modest AI guardrails installed by the Biden administration and could use the technology to assist with mass deportations. This may include another crack at major AI curbs, given that the governor promised to take another swing at the problem following his veto of the testing bill.

— Ryan Tate