



By Budget Center Staff

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# How Should California Support Individuals and Families Hit Hardest by the COVID-19 Crisis?

## Principles to Guide the State's Policy Response to the Economic Effects of the Public Health Emergency

The COVID-19 public health crisis has upended the lives of Californians. So far, a relatively small but rapidly increasing number of Californians have gotten sick, some with severe consequences – while millions more people have experienced serious disruptions to their jobs, schools, child care settings, and services as a result of the public health measures required to “flatten the curve” of infections. The potential health effects and economic effects may be severe – and Californians with low incomes will be especially hard hit. How should state policymakers respond, to ensure Californians who can least afford economic hardship and health setbacks receive the support they need now?

Certain key principles can guide the state's public policy response. An overarching principle is that California must ensure that state actions achieve the greatest impact with limited dollars. Unlike the federal government, the state cannot run a deficit. California has built up a significant [“rainy day fund”](#) and other reserves in recent years, putting the state in a much stronger financial position than in past crises – but much of those savings are likely to be needed in the near future to sustain key state systems and services when the current economic slowdown results in reduced state tax revenues. Right now, it's not possible to know how long or severely the economy (and state revenues) will be affected by the COVID-19 crisis. As a result, California's immediate response should aim to be targeted and timely: targeted by wrapping around the evolving federal policy responses to fill in gaps, prioritizing the needs of those who are most affected by economic fallout and illness, and helping Californians who will not be reached by existing systems and supports; and timely in aiming for policies that can be implemented quickly and are easy to administer.

***What does that mean in terms of actions the state should consider immediately? Two priorities are clear:***

1. **First, the state should take all feasible steps to slow the spread of the virus and shore up the health care system**, which Governor Newsom and other state and local leaders have already begun. This includes [ensuring necessary health care is accessible to Californians without insurance](#), as well as those at high risk of experiencing health complications or with limited ability to self-quarantine to protect others, such as Californians experiencing homelessness. Minimizing the spread of infections is vital to protecting public health – and the economy can't return to normal until the outbreak is under control.

- 2. Second, the state should help workers who are directly affected by the outbreak and are at risk of falling into financial crisis as a result.** This includes workers who lose jobs or hours because of the economic slowdown or mandated business closures, or because they've gotten sick or been exposed to the virus; those who have to stop work to care for family members who have gotten sick; and those who can't work because of closed schools or child care settings or care arrangements for older adults or family members with disabilities.

Federal actions are likely to meet some of the needs of many Californians, but not all financial and health needs will be met. The state should prioritize helping those who are left out of the federal response or fall through the cracks in existing benefit programs, which may include independent contractors and other self-employed individuals, [immigrant workers and "mixed status" families](#), and low-wage workers who can't cover the gap between their basic expenses and the unemployment or [paid family leave](#) benefits they are eligible to claim. As the California Budget & Policy Center's [research](#) has widely noted, many of these Californians were already [struggling to maintain economic security](#) and cover the [costs of basic needs like housing](#) no matter where they live in the state even before this new crisis. The state should take steps to support and protect those now at risk of falling into homelessness and severe hardship.

Beyond these immediate responses, state leaders must also turn their attention to whether broader economic stimulus will be needed to get the state (and national) economy back on track. However, it is important to note that this economic downturn is different from past downturns, and the stimulus and recovery strategies may need to be different as well. Economists have argued that this downturn represents [a new "service sector recession,"](#) driven by the rapid shutdown of consumer-facing businesses. Emergency assistance and cash payments targeted to the low-income individuals and families most likely to be economically harmed by the COVID-19 crisis, to help them pay for housing and other basic needs, should be a part of federal and state responses. California's initial economic policy responses should focus on immediate and near-term targeted actions to address the needs of the workers and families who are most severely affected, least likely to be helped by available systems and supports, and most at risk of longer-term economic insecurity.

California has shown it can weather downturns and be fiscally prudent to build reserves needed to prepare for future needs. Policymakers can lead the state forward again by ensuring that the children, families, and workers hit hardest now don't pay the price of the COVID-19 pandemic for years to come.