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Watch for impact of ballot initiatives, experts warn

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Paying sharp attention to initiatives on the June and November ballots will be critical since items voters support — or not — could have unexpected, long-term consequences, according to government officials.

“Don’t get proposition fatigue when going through your ballot,” advised Helen Robbins-Meyer, chief administrative officer for the County of San Diego, when speaking to the 150 attendees at the Feb. 10 State of the Region Luncheon in Rancho Bernardo. North San Diego Business Chamber organized the event.

Robbins-Meyer said she does not foresee much change in who gets elected at local, state and federal levels. But propositions and legislative bills are an entirely different story.

She said Proposition 47, passed in 2014, is a good example. It reclassified some non-violent felony crimes as misdemeanors, especially drug crimes. Since it did not increase public safety resources, Robbins-Meyer said a long-term impact on crime rates is starting to materialize and local criminal activity has crept up in the past year. “We did that to ourselves, voters,” she said.

Among 68 initiatives circulating across the state for potential ballot inclusion this year, she said some to watch include one on legalizing recreational marijuana, another on spending $350 million in public money on a new football stadium for the Chargers, a 1/2 cent sales tax increase through SANDAG for transportation, an initiative dedicating City of San Diego money for years in the future toward infrastructure and minimum wage increases.

Regarding the minimum wage initiative, Robbins-Meyer said “look for escalators that determine if you can succeed in a few years.”

She said some legislative bills are “killing” businesses, especially when the California Environmental Quality Act (CEQA) is reformed. In terms of building additional housing, she said CEQA needs reform.

“Business has always overcome any problem,” she said. “We have the innovation and the creativity. ... We will figure it out.”

As for her assessment of how things are going in the county, Robbins-Meyer said “good” because “unemployment is low, housing has recovered, consumers are buying and we have a wonderful diversity of business.” The latter includes universities, research, tourism, biotech and technology. “All are humming. Off the charts? No. But humming.

“I am optimistic (the economy) will remain good this year and into next year,” she said. “I am cautiously optimistic.”

Regarding fluctuations in oil prices and stock market, Robbins-Meyer said, “My only advice is to keep your Pepto-Bismol by your bedside.”

She added that an upcoming Supreme Court case could impact labor union membership and dues, which could decrease unions’ financial resources. To keep influence in government, unions will need to raise more money by recruiting additional members. To do this, unions must demonstrate their worth to members and will put additional pressure on businesses to hire union members.

“We live in a blue state and it’s getting bluer,” Robbins-Meyer said. “As a business, you have to figure what this will mean to your business. ... (Unions) have a big influence in Sacramento.”

Now that the financial outlook is improving for the business sector, she said businesses need to re-examine their and government’s social and moral responsibilities, especially regarding the homeless, those with mental illness and the growing numbers of people at or below the poverty level. “Social policy is as important as fiscal policy ... it has an impact ... on public safety,” she said.

Diane Harkey, District 4 representative on California’s Board of Equalization, said the state is doing “a lot better” financially, with $124.2 billion projected in total revenues for 2016-17, up 3.2 percent or $3.8 billion over last year. It’s rainy day fund is required to have $2.6 billion, but the governor is proposing an additional $2 billion plus $1.1 billion for flexible needs.

Harkey said home sales and construction is up, along with automobile sales, but the state still have a “long-term wall of debt” with $400 billion in unfunded liabilities due to public pension debt. “I think Governor Brown is chipping away (at this),” she said.

She said outside forces are among the state’s risk factors, mentioning that low interest rates are good for home buyers, but bad for savers and pension funds. “It’s good for the stock market, but bad for leverage,” Harkey said. “I think we are very over levered as a nation. ... All the hedge (funds) are exploding again, which we can’t ignore.”

She said low oil prices are good for auto sales and consumers in the short term, but bad for transportation funding and California refineries.

Harkey also warned about upcoming state initiatives on the ballot, calling it “a process on steroids.” She said an initiative attempting to chip away at Proposition 13 will make an appearance, so “hold onto your wallets.” The marijuana initiative “will affect your life in Southern California. ... If recreational use passes, it will be a huge industry. The problem is there is no public safety funding or general funding. It’s all special marijuana funding and building another bureaucracy to implement and regulate this.

“I am pushing very hard for public safety funding ... concerned since we’re so close to the border,” Harkey said.

In terms of outside influences on the region's economy, Harkey said the San Diego region should not be deeply impacted because financial benefits from its strong military presence will insulate the area. "(The military) is your saving grace," she said.

Michael Tanner, senior fellow at the Cato Institute, said recent federal government spending was $4.35 billion more than it took in, good news since that debt is $1 trillion lower than expenditures five years ago. He called the lower amount "a temporary phenomenon" and projected it will be in the trillions annually by 2022.

"It's not the worse thing to run a budget deficit once in a while, but if you do it month after month, year after year, you end up with a problem," Tanner said, adding the national debt just passed $19 trillion and is rising. The amount does not take into account unfunded entitlement programs like Social Security and Medicare, which he said are the crux of the problem.

"You cannot tax your way out of the debt we're in," he said. "We must cut federal spending. ... You do not get it by cutting the usual suspects ... (but) Social Security, Medicare and Medicaid, which are more than 50 percent of federal spending."