I. ROLL CALL

II. PUBLIC SPEAKERS

III. RECOMMENDATION ITEMS
   A. Update on 2019-20 Federal Policy and Advocacy Proposals
      Leslie Pollner, Holland & Knight, LLP

   B. Update on 2019-20 State Policy and Advocacy Proposals
      Dale Shimasaki, Strategic Education Services

   C. Update on 2019-20 State Budget Proposal
      Patrick McCallum, McCallum Group, Inc.

IV. INFORMATION ITEMS
   A. 2019-20 Legislative Matrix

V. FUTURE DISCUSSION/AGENDA ITEMS

VI. FUTURE MEETING DATES

VII. ADJOURNMENT
Next Regularly Scheduled Board Committee Meetings

Wednesday, January 23, 2019
Educational Services Center
Board Room – First Floor
770 Wilshire Boulevard
Los Angeles, CA 90017

<table>
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<tr>
<th>Committee</th>
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<tbody>
<tr>
<td>Institutional Effectiveness &amp; Student Success Committee</td>
<td>1:30 p.m. – 2:45 p.m.</td>
</tr>
<tr>
<td>Facilities Master Planning &amp; Oversight Committee</td>
<td>3:00 p.m. – 4:15 p.m.</td>
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<tr>
<td>Budget &amp; Finance Committee</td>
<td>4:30 p.m. – 5:45 p.m.</td>
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If requested, the agenda shall be made available in appropriate alternate formats to persons with a disability, as required by Section 202 of the American with Disabilities Act of 1990 (42 U.S.C. Section 12132), and the rules and regulations adopted in implementation thereof. The agenda shall include information regarding how, for whom, and when a request for disability-related modification or accommodation, including auxiliary aids or services may be made by a person with a disability who requires a modification or accommodation in order to participate in the public meeting. To make such a request, please contact the Executive Secretary to the Board of Trustees at 213/891-2044 no later than 12 p.m. (noon) on the Tuesday prior to the Committee meeting.
Memorandum

Date: January 4, 2019

To: LACCD Legislative & Public Affairs Committee

From: Holland & Knight LLP

Re: Federal Update

This memo provides a brief overview of key issues impacting the Los Angeles Community College District, including:

- 116th Congress Convenes
- House Rules Package
- Shutdown Proposal
- Bill Signed on GI Bill Delays
- House Education Committee Changes Name
- HEA Prognosis
- Title IX Fight
- Census Citizenship Question Trial Continues

116th Congress Convenes

The 116th Congress convened at noon on Thursday, January 3, 2018. In the House, Democrats are now in the majority with 235 members while Republicans hold 199 seats. The session began with a parliamentary ceremony where lawmakers took their oath of office and ratified rules changes. Following her election as Speaker, Rep. Nancy Pelosi (D-Calif.) presided over the opening of the new Congress and administered the oath of office – en masse – to all new and returning members. Speaker Pelosi won the gavel with a vote of 220-192.

Simultaneously, in the Senate, where Republicans maintain the majority holding 53 seats and Democrats hold 47, Vice President Mike Pence swore in newly elected senators. Opening day included remarks by party leaders. Senate Majority Leader Mitch McConnell (R-Ky.) also asked senators to approve administrative resolutions and standing orders for the next Congress.

House Rules Package

On January 3, the House took legislative action on a new rules package, which organizes the House for the new congress. The package, released by incoming Rules Committee Chairman Rep. Jim McGovern (D-Mass.), establishes a Select Committee on the Climate Crisis, as well as
a Select Committee on the Modernization of Congress. The bill also includes a 72-hour rule to allow members of Congress time to review bills before they are voted on; a "consensus calendar" to move quickly on legislation with bipartisan support; and a ban on members of Congress and employees from sitting on corporate boards. Additionally, the rules change the process by which the House can remove the speaker (the motion to vacate) and allows Congress to suspend the debt limit by passing a budget. As expected, the package was approved on party lines, 234-197.

**Shutdown Proposal**

Parts of the government remain shut down as the impasse over President Donald Trump's $5 billion border wall demand continues. Appropriations for some federal agencies and other programs lapsed on December 21, 2018, including the U.S. Departments of Homeland Security, Justice, Transportation, Commerce and Agriculture. Other programs no longer receiving funding are the Temporary Assistance for Needy Families (TANF), Violence Against Women Act (VAWA), immigration programs including e-verify and EB-5 visas, and the U.S. Environmental Protection Agency's (EPA) authority to collect pesticide registration fees.

Negotiations to end the partial shutdown continued Wednesday January 2 at the White House, as President Trump invited congressional leaders from both parties to a briefing on border security. The meeting was the first in-person session between the president and leadership since the shutdown began and the first potential opening to end it. However, no agreements were made and a solution does not appear to be imminent. Attendees were incoming House Speaker Rep. Nancy Pelosi (D-Calif.) and House Majority Leader Steny Hoyer (D-Md.), as well as House GOP leaders – Rep. Kevin McCarthy (R-Calif.) and Rep. Steve Scalise (R-La.); Senate Democratic leaders – Sen. Chuck Schumer (D-N.Y.) and Sen. Dick Durbin (D-Ill.); and Senate Republican leaders – Sen. Mitch McConnell (R-Ky.) and Sen. John Thune (R-S.D.).

The president is determined to secure money for the border wall, even if funding is less than his request of $5 billion. In recent days, the president's advisors have demanded at least $2.1 billion, but Democrats have rejected the proposal. When the new Democratic majority took control of the U.S. House of Representatives on January 3, as expected, they brought a bill to the floor to fund the government. The package included a continuing resolution (CR) for the U.S. Department of Homeland Security through February 8, 2019, and full-year appropriations for remaining lapsed agencies, without additional funding for a border wall. The measure passed the House 234-194 but the Republican Senate is not expected to take up the legislation. Majority Leader McConnell has repeatedly said that the Senate will not accept the lack of border wall funding, and will not bring a bill to a floor vote that the President would refuse to sign.

**Bill Signed on GI Bill Delays**

The president has signed a bill into law that requires the Department of Veterans Affairs (VA) to create a team of specialists to report to Congress a detailed plan to address ongoing delays in the GI Bill housing benefits payments. A bipartisan bill, S.3777, also requires the VA to reimburse student veterans for missed or underpaid GI Bill housing benefits. Introduced by Sen. John Boozman (R-AR) and Rep. Brian Schatz (D-HI), the bill was filed as the VA struggled to process on-time and correct monthly housing payments to many GI Bill recipients. With
President Trump’s signature on January 3, the VA is now also required to provide electronic proof to student veterans that they will receive a housing payment from the VA that they can show to a prospective landlord. The law includes a provision that prohibits colleges from collecting a late fee or requiring GI Bill users to take out additional loans because of delayed payments.

**House Education Committee Changes Name**

With new control of the House of Representatives and its Committees, House Democrats wasted no time renaming the House education committee. Formerly the Committee on Education and the Workforce, the panel is now the Committee on Education and Labor. Republicans under former House Speaker Newt Gingrich (1997) adopted the word “workforce,” a word preferred by employers. The committee’s name has seesawed along with control of Congress ever since. The Committee’s new website is also now live.

**HEA Prognosis**

With the December announcement by Sen. Lamar Alexander (R-TN) that he will not seek reelection in 2020, there is now renewed attention on his potential to make progress on a higher education overhaul during his final two years in the Senate. As Chairman of the Senate Committee on Health, Education, Labor, and Pensions, Alexander may now be inclined to create a legacy with a deal on education. On the House side, incoming Chairman of the House Committee on Education and Labor, Rep. Bobby Scott (D-VA), has already said that reauthorizing the Higher Education Act (HEA) is a top priority and has indicated his willingness to work in a bipartisan fashion to get a bill over the finish line. A number of hearings on higher education are expected as both the House and Senate decide what could be included in the bill.

**Title IX Fight**

The Department of Education (DOE) is receiving a flood of comments to respond to prior to issuing its final rule for how schools handle allegations of sexual assault. In less than two weeks, the DOE proposal has received more than 45,000 comments, with more than 7,000 attracted in one day. Advocates against the plan have launched grassroots efforts to organize opponents and to voice their concerns over the changes to Title IX.

**Census Citizenship Question Trial Continues**

Despite the partial shutdown of the U.S. government, the administration is still facing trial over the addition of a citizenship question on the 2020 census. On December 27, U.S. District Judge Richard Seeborg rejected the Department of Justice’s (DOJ) argument that it lacks taxpayer funding to stay on schedule for a trial set to begin on January 7 in San Francisco. The DOJ is saying it currently only has enough funding for ‘emergencies involving the safety of human life or the protection of property’. The Trump administration has repeatedly attempted to derail trials across the country over the controversial question on the census. This specific case before Judge Seeborg was brought by the state of California and cities, including Los Angeles, that claim
adding the citizenship question violates the constitution’s census clause and would disproportionately affect its large Latino population.
MEMORANDUM

TO: Interested Parties

FM: Dale F. Shimasaki, Ph.D

RE: December 2018 Monthly Report

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I. POLITICAL LANDSCAPE

7 OF 11 STATE BOARD OF EDUCATION MEMBERS WILL REMAIN IN 2019
The State Board of Education (SBE) will have four vacancies coming in the 2019 calendar year. Current SBE President Michael Kirst will step down in January along with Trish Williams, Bruce Holaday, and Karen Valdes. The other seven members are expected to stay for the remainder of their terms.

Once President Kirst steps down, a new SBE President will be selected by the rest of the SBE members. Kirst has already made it clear that he will not seek reappointment from Governor-elect Newsom after serving on the SBE for both of Governor Brown’s governorships in the 1970s and 2010s.

Bruce Holaday is stepping down from his seat a year before his terms is set to expire, so Governor-elect Newsom will have an opportunity to appoint up to two individuals to fill that vacancy over the next two years. Karen Valdes was appointed in 2017 to finish the last two years of her seat’s term, so it is possible she will seek reappointment from Governor-elect Newsom.

Governor-elect Newsom will also have the opportunity to ask the remaining seven SBE members to vacate their seats before the end of their terms, though at this point it has not been evident that such a request will be made.

More information on the current SBE members can be found [here](#).

ASSEMBLYMAN JOAQUIN ARAMBULA ARRESTED ON SUSPICION OF CHILD CRUELTY
On December 10, Democratic Assemblyman Joaquin Arambula (Fresno) was arrested on suspicion of child cruelty after his 7-year old daughter reported an injury upon arriving at her school. The assemblyman stated in an interview that he had disciplined his daughter via spanking on her bottom and that she had gone to school the next morning still upset. Child Protective Services temporarily removed Arambula’s children from the home, and later returned them two days later.

On Thursday night Fresno’s Police Chief contradicted Assemblymember Arambula’s story by stating the injuries on the child were not on her buttocks and, “Based on the interviews that we’ve conducted, and the evidence that we have, we will be submitting this investigation for the purposes of pursuing prosecution.”

The incident comes after a year filled with other incidents within the Legislature including sexual misconduct investigations of former Assemblymen Raul Bocanegra, Matthew Dababneh, and former Senator Tony Mendoza, all of whom resigned. The Fresno County Republican Party called for Assembly Speaker Anthony Rendon to ask for Arambula’s resignation.

The story is still developing with different stories on each side. If charges are filed it is unlikely he will stay in office for long. Should Arambula resign or be forced out of office, the California Democrats will still hold a supermajority of 59 seats in the Assembly.

The full details on the incident can be found [here](#).
II. HIGHER EDUCATION

HIGHER EDUCATION NEWS AND OTHER UPDATES

Community Colleges

MAJORITY OF CALIFORNIANS SAY TUITION-FREE COMMUNITY COLLEGE SHOULD BE HIGH PRIORITY
A recent report from the Public Policy Institute of California (PPIC) shows that 53 percent of adults in California want tuition-free community college to be a high priority of state spending for the incoming administration. Governor-elect Gavin Newsom has repeatedly stated that part of his Cradle-to-Career agenda will include a free-tuition initiative for the first two years of community college.

Analysis: On the first day of the legislative session, Assemblyman Miguel Santiago introduced Assembly Bill 2, which would expand the California College Promise program from one year of free community college to two years, provided students graduate high school and meet other requirements. It is unclear yet how the new administration will build off of the current California College Promise program to reach those adults who either did not meet the program requirements or have been out of high school for a significant period of time.

The Public Policy Institute of California (PPIC) report and data can be found here.

SAN FRANCISCO TO VOTE ON EXTENSION FOR TUITION-FREE CITY COLLEGE
The San Francisco Board of Supervisors has adopted a charter amendment to put a vote forward to San Francisco (SF) residents that would extend the SF City College tuition-free program for an additional 10 years. Since 2017 San Francisco residents have been able to attend SF City College classes free of charge, and the current program is set to expire in June if an extension is not passed.

While classes are currently set at $46 per unit for the SF City College, the program includes grants for low-income students that cover up to $500 for textbooks and other costs of attendance per semester. The total cost of the program is covered by the city’s Proposition W Tax on high value properties ($28 million annually) and San Francisco City general fund appropriations ($5.4 million annually). The results and financial aspects of the program will provide valuable information to the incoming Newsom administration’s Cradle-to-Career initiative to provide two years of tuition free community college to all California residents.

More information on the program can be found here.

Other

Notable Higher Education Legislation Introduced on Day 1 of 2019-20 Session

Assembly Bill 30 (Holden) - Repeals Sunset Date of Dual Enrollment Program
AB 30 would delete duplicate public meeting requirements for the CCAP partnership agreements, and allow for units completed pursuant to CCAP agreement count towards student priority registration requirements. The bill would also include reporting and application process adjustments, and would also repeal the sunset date for the dual enrollment program.

Full text can be found here.
**Senate Bill 2 (Glazer) – Statewide Longitudinal Student Database**

SB 2 states legislative intent to establish a statewide longitudinal student database that tracks students from child care to postsecondary education, and eventual matriculation into the workforce, as well as intent to use the resulting data to form actionable policy at the state and local levels. The bill would create a review committee that will advise the CA Postsecondary Education Commission on the establishment, implementation, funding, and administration of the database. The review committee would be comprised of stakeholders from UC, CSU, CCC, CDE, county offices, school districts, private schools, teachers, and administrators. The review committee has NO decision making authority, but would provide recommendations on how to properly collect and analyze student-level demographics, enrollment, academic progress, college readiness, graduation, drop out, and other metrics. The Commission must report to the Legislature by July 2021 on the recommendations by the review committee.

Full text can be found [here](#).

**Assembly Bill 130 (Low) – Office of Higher Education Performance and Accountability**

AB 130 would establish the Office of Higher Education Performance and Accountability. The Office, and an 8-member advisory board, would be responsible for making recommendations to the Governor and Legislature on how to improve the state goals and priorities for higher education, among other tasks.

Full text can be found [here](#).

**Senate Bill 3 (Allen) – Office of Higher Education Coordination, Accountability, and Performance**

SB 3 would establish the Office of Higher Education Coordination, Accountability, and Performance. The Office would collect data from the California Community Colleges, the California State University, the University of California (upon UC Regent resolution), and the Labor and Workforce Development Agency to carry out responsibilities. AB 130 (Low) is the similar measure in the Assembly.

Full text can be found [here](#).

**Assembly Bill 2 (Santiago) – CA College Promise**

AB 2 would expand the California College Promise program from 1 year eligibility to 2 years of eligibility. Current law provides eligible high school graduates with one year of tuition-free community college upon the completion of various academic requirements.

Full text can be found [here](#).

**Assembly Bill 48 (O’Donnell) – K-14 Public Education Facilities Bond Acts of 2020 and 2022**

AB 48 expresses legislative intent to create the Kindergarten-Community Colleges Public Education Facilities Bond Acts of 2020 and 2022, to become operative upon approval of voters in the 2020 and 2022 elections. No specific dollar amount has been assigned yet. While it is likely that the Legislature passes this initiative on to the voters for the 2020 and 2022 ballot measures, the actual amount of funds that will be distributed for projects will be determined by the Governor’s administration. Outgoing Governor Brown was very fiscally conservative in terms of bond funding distribution, only dollling out a small amount each year from available funds.

Full text can be found [here](#).
Assembly Bill 23 (Burke) – Workforce Training Programs
AB 23 currently states intent to enact legislation that would incentivize better systems of communication and partnerships between businesses, labor advocates, and educational institutions for the purpose of creating tailored workforce training programs that increase participation and attainment of skills necessary to close the current labor market supply and demand gaps. Full text can be found here.

III. K-12

EVERY STUDENT SUCCEEDS ACT

CALIFORNIA LAUNCHES UPDATED VERSION OF CA SCHOOL DASHBOARD
The California Department of Education (CDE) launched its second iteration of the CA School Dashboard, updated to reflect the actions taken by the State Board of Education (SBE) in 2018. The newest version includes the Chronic Absenteeism Indicator and the College/Career Readiness Indicators for grades 9-12. Additional changes include an updated 4-year cohort graduation rate to reflect a new methodology, status and change of grade 11 Smarter Balanced Assessment scores in English and Math, and performance metrics for students in alternative schools. The CA School Dashboard is designed to serve two purposes, 1) provide schools and districts with actionable information to enact local accountability policies, and 2) identify which schools and districts require additional support through technical assistance.

The SBE and CDE staff have spent the past three years building the CA School Dashboard into a comprehensive accountability tool to track progress in California schools. In 2019, there will be up to three State Board members that will be replaced by Governor-elect Newsom once the current terms expire. SBE members have a significant influence on the final directives given to CDE staff during the development process of the accountability metrics in the CA School Dashboard.

The CDE Press Release can be found here.

PERSONALIZED LEARNING OPPORTUNITIES

CALIFORNIA JOINS WASHINGTON AND OREGON TO OPPOSE FEDERAL CHANGES TO GENDER CONCEPT
State Superintendent of Public Instruction Tom Torlakson joined top education leaders from Washington and Oregon in a joint letter to the US Department of Health and Human Services opposing federal attempts to redefine the concept of sex and gender to a purely biological definition. California, Oregon, and Washington have similar state statutes that explicitly prohibit discrimination based on a student’s gender expression or identity in public schools.

Student acceptance and safety are aspects of the school climate related indicators that factor in to a school district’s CA School Dashboard performance. The tri-state letter is another example of state’s opposing federal mandates that affect education at the state level, and a final opportunity for outgoing State Superintendent Torlakson to leave his mark on California’s education and school accountability.

The full press release from the California Department of Education can be found here.
K12 NEWS AND OTHER UPDATES

Notable K-12 Legislation Introduced on Day 1 of 2019-20 Session

Assembly Bill 6 (Reyes) – Office of Early Childhood Education
AB 6 would establish the Office of Early Childhood Education within the California Department of Education, and coordinate services with the State Department of Social Services and California Health and Human Services. The Office would be responsible for oversight and implementation of early childhood education programs and ensuring a holistic implementation of universal preschool. One of Governor-elect Newsom’s highest priorities during his campaign was the improvement of early childhood education and programs for children under the age of five.
Full text can be found here.

Assembly Bill 28 (Obernolte) – State Seal of STEM
AB 28 would create an additional academic achievement seal that would be reflected on a graduating high school student’s diploma, upon completion of various Science, Technology, Engineering, and/or mathematics related requirements. A similar state seal of academic achievement for bilingual education is achievable for high school graduates, and currently counts as one of the several requirements for meeting the College and Career Readiness Indicator metrics on the CA School Dashboard. It is likely the California Department of Education will support this legislation given the State Superintendent-elect’s history with pursuing STEM-education legislation during his time in the Assembly.
Full text can be found here.

Assembly Bill 39 (Muratsuchi) – LCFF: Funding Increase
AB 39 is a reintroduction of the original AB 2808 (Muratsuchi) that was introduced in the 2017-18 legislative session. The bill would increase the target implementation rates for the Local Control Funding Formula (LCFF) up to the 2015 national average for per-pupil funding. Although the bill would increase the funding targets for the LCFF, it does not specify a timeline for reaching those targets, nor does it specify any specific mechanisms for increasing the Proposition 98 minimum guarantee for K-14 education. By the end of the 2017-18 legislative session, the original AB 2808 language was amended down to legislative intent to increase K-12 per-pupil spending with no substantive language.
Full text can be found here.

IV. EARLY CHILDHOOD EDUCATION

OTHER UPDATES

Notable Early Childhood Education Legislation Introduced on Day 1 of 2019-20 Session

Assembly Bill 123 (McCarty) – Early Childhood Education, State Preschool, and TK Access Standards
In its current form, AB 123 contains intent and declaration language that the Legislature will enact certain provisions related to the improvement of early childhood education, including the expansion of state preschool programs and transitional kindergarten programs. It will be important to note how this bill is amended as it makes its way through the Assembly.
Full text can be found here.
Assembly Bill 124 (McCarty) – Preschool Facilities Bond Act of 2020
AB 124 would place a measure on the 2020 ballot to authorize, upon approval of voters, the issuance of $500 million in bond funding to finance a preschool facilities grant program. Much like O’Donnell’s K-14 Bond bill, the actual distribution of the funds approved by voters would be dependent on the Governor-elect’s administration.
Full text can be found here.

Assembly Bill 125 (McCarty) – Early Childhood Education Reimbursement Rates
AB 125 states legislative intent to enact a single regionalized state reimbursement rate system for childcare, preschool, and early learning programs. In the past, childcare and preschool slots for children have been heavily sought after due to the low reimbursement rates that dis-incentivized providers from opening up more space.
Full text can be found here.

V. APPOINTMENTS AND STAFF CHANGES

GOVERNOR-ELECT APPOINTMENTS

CAPITOL INSIDER, CIVIL RIGHTS LAWYER GET TOP ADMINISTRATION JOBS
Governor-elect Gavin Newsom announced the hiring of Catherine Lhamon as his legal affairs secretary and Anthony Williams as his legislative affairs secretary. Lhamon currently chairs the U.S. Commission on Civil Rights and previously served as assistant secretary of civil rights in the U.S. Department of Education in the Obama administration. Williams previously served as a senior adviser to former California Senate Leaders John Burton and Darrell Steinberg, as well as the government relations director for Boeing Company.

More details on the two appointments can be found here.

GOVERNOR-ELECT GAVIN NEWSOM FILLS TOP COMMUNICATIONS AND EXTERNAL AFFAIRS POSTS
Gov.-elect Gavin Newsom picked a veteran Capitol staff member to lead his communications shop when he takes office. Daniel Zingale, who previously served as Cabinet secretary to Gov. Gray Davis, senior advisor to former Gov. Arnold Schwarzenegger and chief of staff to Maria Shriver, will serve as Newsom’s senior advisor on strategy and communications.

In addition to Zingale, Newsom filled several other positions in the latest round of hires for his new administration. Nathan Click, the communications director for Newsom’s gubernatorial campaign, will stay on as chief spokesperson and director of public affairs. Priscilla Cheng, former chief of staff at the Los Angeles County Federation of Labor and senior political advisor to the Newsom campaign, will be Newsom’s director of external affairs. Maricela Rodríguez, now with the California Endowment, will become director of civic engagement and strategic partnerships. Angie Wei, former legislative director and chief of staff at the California Labor Federation, will serve as a chief deputy cabinet secretary with a focus on policy development. Jason Elliott, a policy advisor to Newsom during his time as mayor of San Francisco and a chief of staff to San Francisco Mayor Ed Lee, will serve as another chief deputy cabinet secretary. Newsom takes the oath of office on Jan. 7.

More details can be found here.
LEGISLATURE CONFIRMATIONS AND COMMITTEE APPOINTMENTS

TONI ATKINS RECONFIRMED AS SENATE PRESIDENT PRO TEMPORE FOR 2019-20 SESSION
The Senate has voted to reconfirm Senator Toni Atkins (D-San Diego) as the Senate President Pro Tempore for the 2019-20 legislative session. In 2018, Atkins became the first female and first LGBT Senate Pro Tem in California after succeeding the previous Pro Tem Senator Kevin de Leon. Atkins was also the first LGBT female Speaker of the Assembly from 2014 until 2016 when she stepped down to run for Senate District 39.

ANTHONY RENDON RECONFIRMED AS SPEAKER OF THE ASSEMBLY FOR 2019-20 SESSION
The Assembly has voted to reconfirm Assemblyman Anthony Rendon (D-Lakewood) as the Speaker of the Assembly for the 2019-20 legislative session. Rendon was first elected to the leadership position in 2016 after succeeding the now Senate Pro Tem Toni Atkins.

ERIKA CONTRERAS REPLACES DANNY ALVAREZ AS SECRETARY OF THE SENATE
Erika Contreras has been confirmed by the California State Senate as the new Secretary of the Senate, succeeding the retiring Danny Alvarez. Contreras was previously chief of staff to Senator Ricardo Lara since 2010, and an advisor to the Senate Appropriations, Senate Labor and Industrial Relations, and Budget Conference Committees, as well as the California Latino and LGBT Legislative Caucuses.

VI. UPCOMING EVENTS

Upcoming Events for January 2019

January 7: Legislature Reconvenes and Constitutional Officers are sworn in for the 2019-20 Session.
January 10: Governor submits state budget
January 12-13: State Board of Education
January 14-15: CCC Board of Governors
January 16-17: UC Regents Meeting

VII. OTHER UPDATES

REVENUE REPORT

REVENUES SURGE ABOVE ESTIMATES LEADING INTO NEW YEAR
The State Controller’s Office reports that revenue intake for the 2018-19 fiscal year-to-date has reached a surplus of $2.3 billion, more than 5 percent above projections. Personal Income Taxes and Retail Sales and Use Taxes have provided the majority of the surplus revenues, beating the projections by 5.4 percent and 7.6 percent respectively for the fiscal year.

As projected by the Legislative Analyst’s November Fiscal Outlook, the incoming administration is going to have nearly $15 billion in new revenues to allocate for the 2019-20 budget year, in addition to nearly $15 billion in reserves by the end of June 2020. While this is positive news for the state economy,
education related programs in K-12 schools and community colleges are only guaranteed about $2.8 billion of the total growth for 2019-20. The January 10 budget proposal from Governor-elect Gavin Newsom will provide some insight as to how his administration will prioritize the additional revenue.

The full report from the State Controller’s Office can be found here.
January 4, 2019

**BUDGET UPDATE – 2019-20 Budget**

**Budget Timeline** – At the time of this report, the budget was not released. A full budget briefing will be prepared for the committee after the January 10th budget is released.

January 10th – Governor releases his proposed budget

January – April – Budget subcommittees meet to discuss Governor’s Proposal and may take some actions

May 15th – Governor proposes updated May Revise Budget

May – June – Budget subcommittees meet to create their budgets. Those budgets modified and adopted by the full budget committees in each House. Negotiations with administration and Conference Committee meets to develop final Legislative budget.

June 15th – Legislature must pass budget bill by midnight

June 15th – July 1st – administration considers budget

July 1st – new fiscal year

**Budget Priorities**

**2-Year Free Community College – College Promise**

Discussed the issue with the Chair of the Assembly Budget Subcommittee on Education. He is one of the joint authors on AB 2 which would implement the change. He indicated that if the Governor-elect introduces the proposal with his January budget proposal that he may have his committee close out the issue early if they can get Senate agreement.

Last week it was announced that Governor Newsom will include $40 million in his proposed budget to extend the Community College Promise Program (free college) to a second year. Under the proposal, free tuition would be available to all first-time students, enrolled full-time for their first two years. AB 19 (Santiago) which was sponsored by LACCD already ensured that the first year would be covered for first-time, full-time students. The proposal will also include $5 million for the State Chancellor’s Office to increase outreach for the program.

**Funding Formula – Calculation of BOG Fee Waiver by College**

Talked to the Chair of the Assembly Budget Subcommittee on Education and he liked the idea. Suggested that we also run the policy as a legislative bill. He mentioned that a number of budget proposals, such as preschool, College Promise, and financial aid could be budget actions as well as legislation. Working with Strategic Education Services to find a Los Angeles-area legislator to carry the bill.

**New Committee Assignments**

Senator Toni Atkins announced new committee assignments. The new assignments have new chairs in the Senate Budget Subcommittee on Education and the Senate Education Committee. Senator Anthony Portantino (D – La Cañada Flintridge) remains chair of the Senate Appropriations Committee and Senator Holly Mitchell (D – Los Angeles) remains chair of the Budget and Fiscal Review Committee.

Senate Education – Connie Leyva (D – Chino), Chair and Scott Wilk (R – Santa Clarita), Vice Chair

Senate Budget Subcommittee #1 on Education Finance – Richard Roth (D – Riverside), Chair
Speaker Anthony Rendon also made assignments to standing committees, however, none of the major committees of interest changed. Assemblyman Phil Ting (D – San Francisco) remains chair of the Budget Committee and Assemblyman Kevin McCarty (D – Sacramento) remains chair of the Assembly Budget Subcommittee #2 on Education. Assemblywoman Lorena Gonzalez (D – San Diego) is once again chair of the Appropriations Committee and Higher Education and Education remain with Assemblyman Jose Medina (D – Riverside) and Assemblyman Patrick O’Donnell (D – Long Beach), respectively.

**Wayfair Decision**

In late June, the Supreme Court issued their decision in *South Dakota v. Wayfair*. The case challenged South Dakota’s ability to collect sales taxes from online merchants that did not have a presence in the state. The outcome of the decision is that South Dakota won, and the Supreme Court found that states could charge sales tax on items from out-of-state retailers. There is, however, a threshold as merchants need to have a total of $100,000 sales into the state or 200 transactions.

California already has a law that states that if there is a physical presence if that company has an agreement with a person or persons located in California to pay for customer referrals obtained via a link on the California seller’s website. California also has in its law that if any further federal laws are enacted, that they would become law in California. Due to this provision, the *Wayfair* decision is estimated to generate approximately $1.5 billion in additional revenues annually for California. Proposition 98 would get approximately 40% of this.

California could introduce legislation that would change the application of the decision to California. One measure, for example, was recently introduced by Assemblywoman Burke and Senator McGuire, AB 147. This measure would increase the threshold for companies doing business in California through internet sales to $500,000. This would decrease the funding available in the general fund as well as decrease the funding that would go to Proposition 98.

**DOF Revenues**

The Department of Finance released their November Finance Bulletin which had similar information to that of the State Controller. According to the Department of Finance, revenues for November were $1.72 billion above budget act projections. Finance indicates that the reason for this is due largely to last month’s delays in processing that shifted receipts from October to November. If you will recall, last month, revenues were below projections.

Finance notes that for the first five months of the fiscal year, revenues are $1.94 billion above budget act forecasts. The next release of general fund revenues and fiscal forecast that the Department of Finance will do will be with the January 10th budget proposal.

**PPIC Poll**

The Public Policy Institute of California released their recent poll last week which examined certain aspects of what Californians want out of their new Governor. Majorities see new state spending on universal health coverage and free community college as high priorities.

Among the findings of the poll is that a slight majority of adults (53%) and nearly half of likely voters (47%) say tuition-free community college should be a very high or high priority.