



SACRAMENTO REPORT

January 10, 2022

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EXECUTIVE SUMMARY

- **Budget Update:** The Governor will release his January Budget Proposal this morning at 10:30. It is anticipated that once again there will be a significant budget surplus that the Governor and his Administration will be allocating. We anticipate funding to go to infrastructure and to buy-down debt. It is also likely that additional funding goes to higher education affordable housing.
- **Legislative Update:** Friday is the deadline for two-year bills to get out of their policy committee. There are a number of committees meeting this week in order to address that deadline. AB 1187 (Irwin) related to supervised tutoring will be heard in Assembly Higher Education and AB 102 (Holden) which would eliminate the sunset date on CCAP programs will be heard in Assembly Education.
- **Redistricting Update:** The new Legislative and Congressional maps for the next decade have been completed. While they make three seats in the State Senate more competitive for Republicans, they appear to make three seats in the Assembly more competitive for Democrats. In the final tally, it appears that Democrats are not likely to lose their super-majority in either House for the next ten years.
- **College Going:** The share of high school students enrolling directly in college continues to fall, data from the National Student Clearinghouse Research Center show. The “High School Benchmarks” report released last month by the National



Student Clearinghouse Research Center indicates that a “pandemic” effect in students that did not go directly to college after graduating college occurred in 2020.

- **Appointments:** The Governor made a number of appointments over the break, including two to the California Student Aid Commission. One of those appointments went to David O’Brien who is the Vice Chancellor of legislation at the State Chancellor’s Office. He will bring a great community college perspective to the commission.

BUDGET UPDATE

The Governor will release his January budget proposal this morning at 10:30. He will be live streaming his briefing [@CAGovernor](#) Twitter page, [California Governor Facebook](#) page and the Governor’s [YouTube page](#). We are expecting another year with a significant surplus and the Governor looking to address some of the state’s major issues, including homelessness. For community colleges, this will come in the form of additional resources for affordable student housing. In fact, Assemblymember McCarty has already introduced new legislation that would create a \$5 billion revolving loan program for higher education housing (see Bills of Interest section below).

The Department of Finance released their latest Finance Bulletin which again indicated that significantly more revenues came in for the month of November came in over \$2 billion greater than was projected in the enacted budget. For the first five months of the fiscal year, revenues are about \$13.4 billion above budget act projections.

It appears that the state continues to be on track to hit the projected surplus that the Legislative Analyst’s Office estimated just a couple of months ago. There could be a scenario where the COLA goes a little higher than they projected. Additionally, traditionally the Department of Finance is more conservative in their budget projections than the LAO is. We could see a scenario where the Administration projects less than a \$31 billion surplus in the budget and slightly less than the \$20 billion surplus in Proposition 98 funding.

We will have a budget update that will go out later this week with updates and analysis on what was included in the January budget proposal.

You can download the entire Department of Finance’s November Finance Bulletin [here](#).



LEGISLATIVE UPDATE

The Deadline for members to move their two-year bills that were introduced last year out of their House of Origin is January 31st. And the last day to get those bills out of the policy committee of their House of Origin is Friday of this week. This means that there are a number of policy hearings this week on bills that did not move this year.

Two hearings in particular will occur this week. The Assembly Higher Education Committee will meet on Tuesday and the Assembly Education Committee will meet on Wednesday. The Higher Education Committee will hear AB 1187 (Irwin) which would authorize community colleges to collect apportionment for supervised tutoring – it is anticipated that this measure will move out of the committee.

The Education Committee will hear AB 102 (Holden) which would eliminate the sunset date on dual enrollment CCAP programs. Last year, the bill moved out of the Assembly Higher Education Committee but was double referred to both the Higher Education and Education Committees. It is anticipated that the bill will move out of committee. Both bills will then go to the Assembly Appropriations Committee.

For a complete list of bills that were amended and introduced last week, see the “Bills of Interest” section below.

REDISTRICTING UPDATE

The maps for 2022 legislative elections were released a few weeks back and they have had a significant impact on members running for re-election or choosing not to pursue another two years in the Assembly. While Democrats will maintain overwhelming power in both Houses of the Legislature, the new maps and term-limits will lead to a wave of new members in both Houses. For example, there are 15 Assembly Democrats that will not be running for re-election this year. They include Assemblymember Medina, Chair of the Assembly Higher Education Committee, Assemblymember O'Donnell, Chair of the Assembly Education Committee, and Assemblymember Gonzalez, Chair of the Assembly Appropriations Committee. On the Senate side, Senator Leyva, Chair of the Senate Education Committee will not be running for re-election.

The maps cement Democratic power in the State Capitol. The consensus thinking is that Republicans will likely remain in a super-minority for the next decade under the new maps. That said, three state Senate districts are more friendly to Republicans, however, Republicans need to flip at least five seats in 2022 to overturn the Democrats



supermajority. In the Assembly, where Democrats current hold 60 of the 80 seats, the new maps appear to create 63 solid Democratic seats.

COLLEGE GOING

The share of high school students enrolling directly in college continues to fall, data from the National Student Clearinghouse Research Center show. The “High School Benchmarks” report released last month by the National Student Clearinghouse Research Center indicates that a “pandemic” effect in students that did not go directly to college after graduating college occurred in 2020. The rates at which the class of 2020 immediately enrolled in college have fallen by unprecedented levels, 4 percentage points to 10 percentage point drops depending on high school categories, with disproportionately large drops among high-poverty or low-income high schools.

In fall 2020, higher-income high school graduates were still far more likely to enroll in college immediately than those from low-income schools (65% and 49%, respectively). The gap was even larger between low- and high-poverty schools (73% and 45%, respectively) as measured by the prevalence of eligible students for a free or reduced-price lunch program.

The report also notes that community college enrollment, traditionally the most affordable option, has dramatically decreased as well. This we have seen in California but is also a national trend.

You can download the entire report [here](#).

APPOINTMENTS

Recently, the Governor made a number of appointments to various boards across the state. This includes two appointments to the California Student Aid Commission Board.

Charles Nies, 57, of Merced, has been reappointed to the California Student Aid Commission, where he has served since 2018. Nies has served as Vice Chancellor of Student Affairs at the University of California, Merced since 2016, where he was Associate Vice Chancellor and Dean of Students from 2006 to 2016. He served in several positions at Miami University from 2000 to 2006, including as Assistant Dean. Nies earned a Master of Arts degree in Counseling Psychology and a Doctor of Philosophy degree in Educational Leadership from Washington State University. This position requires Senate confirmation. Nies is a Democrat.



David R. O'Brien, 37, of West Sacramento, has been appointed to the California Student Aid Commission. O'Brien has been Vice Chancellor of Government Relations for the California Community Colleges Chancellor's Office since 2020. He served as Director of Government Affairs for the California Student Aid Commission from 2016 to 2020, as well as Legislative Manager and Acting Assistant Director for Legislation at the California Department of State Hospitals from 2012 to 2016. O'Brien was a Legislative Analyst at the California Department of Mental Health from 2010 to 2011. He was a Student Legislative Assistant for the California Environmental Protection Agency from 2009 to 2010. This position requires Senate confirmation. O'Brien is a Democrat.

O'Brien has been a staunch advocate for community colleges even before he came to the state chancellor's office. He will certainly be a great voice for community colleges on the commission. His presence, along with that of Angel Rodriguez from San Bernardino Community College District, provides community colleges with a strong position on the policy decisions made by the commission.

BILLS OF INTEREST

AB 1187 (Irwin) was amended to provide that community colleges can claim apportionment for supervised tutoring in all areas of course offerings. Current law states that colleges may only collect apportionment for tutoring for basic skills courses. This would authorize districts to collect apportionment for noncredit courses as well as tutoring in college-level courses.

AB 1602 (McCarty) would create a \$5 billion revolving loan program for higher education (UC, CSU, and community colleges) affordable housing.

AB 1606 (Irwin) would include the spouse or unmarried surviving spouse of any veteran of the United States military who has a service-connected disability, has been killed in service, or has died of a service-connected disability.