

# A State & System In Peril: The Crazy Year Ahead

Auxiliary Organizations Association  
January 2012

# Overview

- Sacramento Scene
- Elections 2012
- The Horizon for CSU
- Get Involved – Making the Case

# Sacramento Scene

- Final Year of 2-Year Session
  - Current Bills Must Move Quickly
    - AB 633 – BOT Sponsored Vehicle Purchasing
    - AB 822 – BOT Sponsored K-12/Higher Ed Bonds
    - AB 645 – Ethnic Studies
    - SB 755 – Executive Compensation
  - New Bills Introduced by February 24
    - SB 952 – Executive Compensation
    - AB 1441 – Tax Break for Qualified Education Expenses

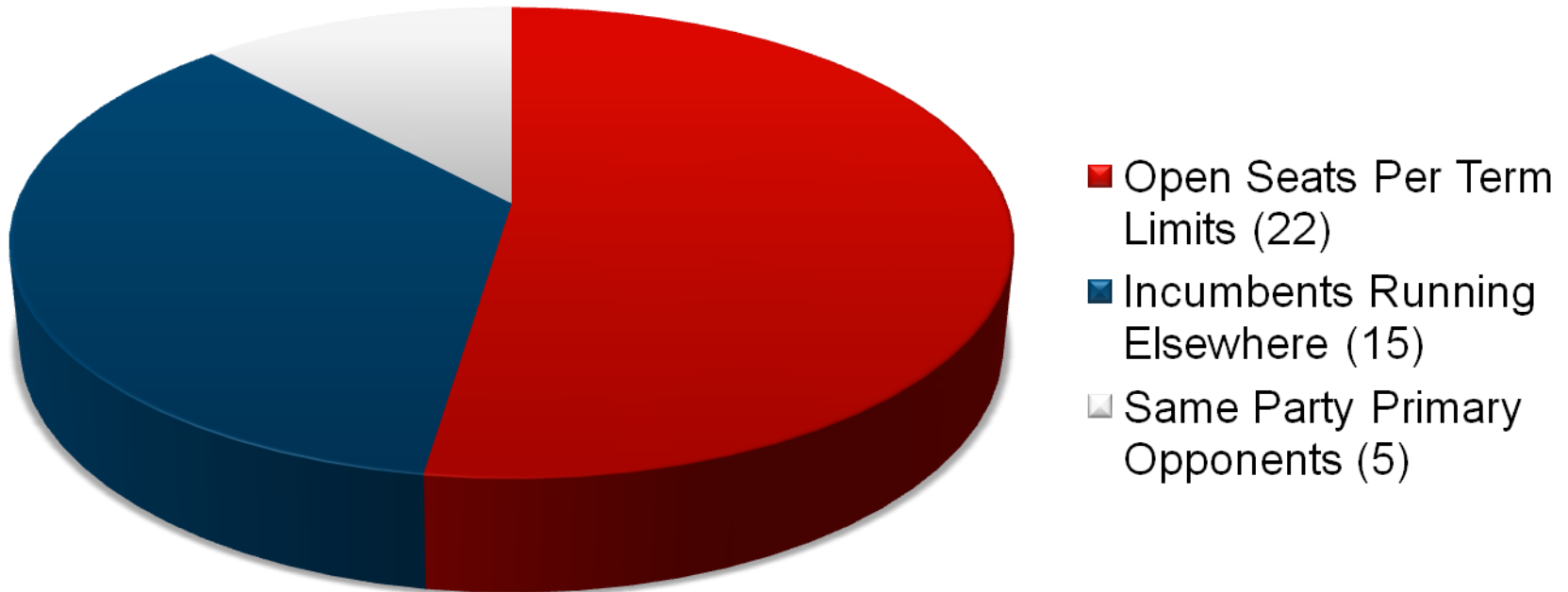
# Sacramento Scene

- Issues Trends
  - Budget will continue to drive issues & proposals
    - CSU and Cal Grant Program Funding
    - Future Infrastructure Investment?
  - Expect Reform Proposals to Continue
    - Public Pensions
  - Oversight of CSU System Operations
    - Executive Comp
    - Tuition Fee Caps
  - Few Fiscal Bills Expected to Move

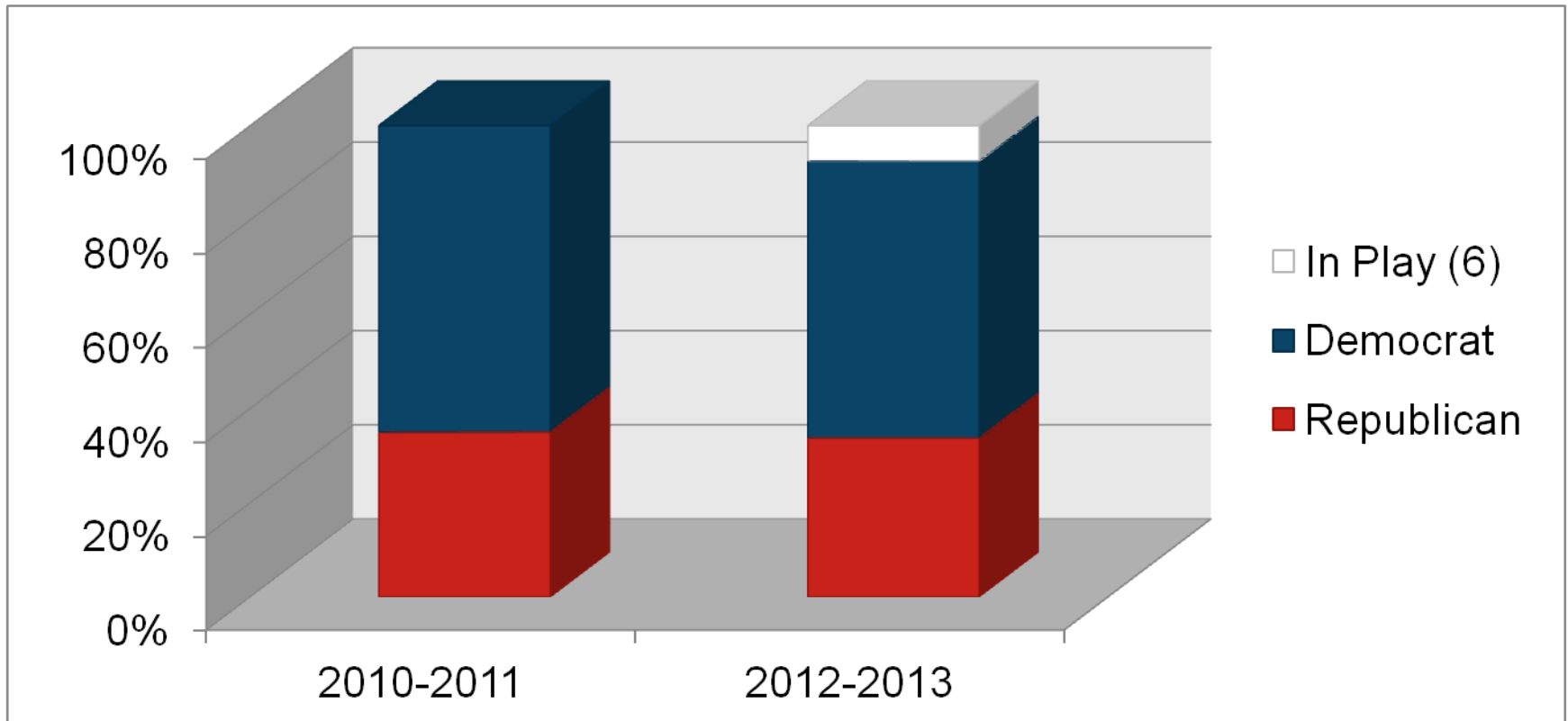
# Election Trends

- Legislative Races
  - All Assembly, Even Senate Districts
  - Few “Competitive” Seats
- Initiatives
  - Tax Proposals
  - Other Initiatives on June/November Ballots

## 2013-14 Assembly: 42 Freshmen



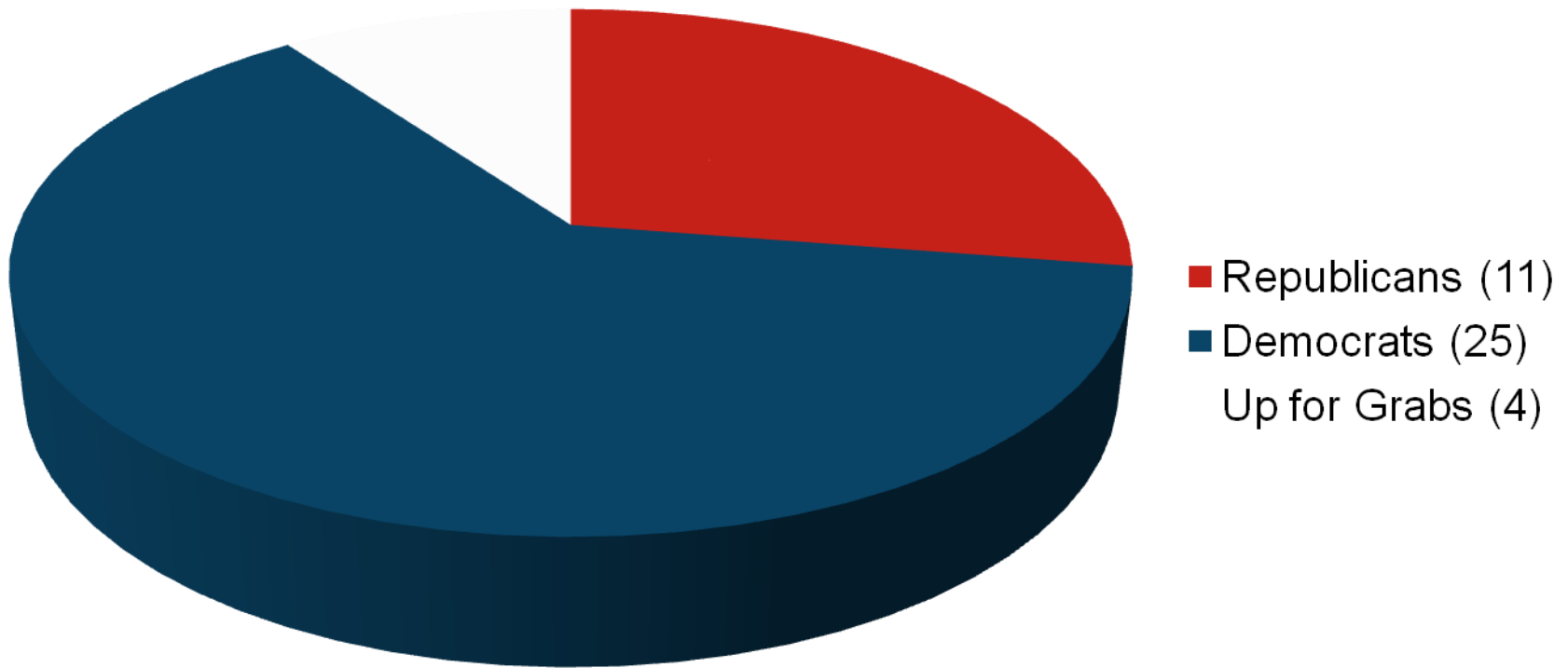
# Shifts in Assembly: Stays at 52-28? Or do Republicans pick up a seat or two?



## Six Potential Assembly Races

- AD 8 Open Seat  
(Sacramento area)
  - 40% Dem - Rep 38%
- AD 16 Buchanan  
(Contra Costa)
  - 40%Dem -- Rep 34%
- AD 21 Open Seat  
(Merced)
  - 48% Dem –33% Rep
- AD 32 Open Seat  
(Bakersfield)
  - 47% Dem –34% Rep
- AD 61 Open Seat  
(Riverside)
  - 43% Dem –35% Rep
- AD 66 Open Seat  
(Palos Verdes)
  - 39% Dem –35% Rep

# Senate Elections: Getting to Two Thirds or Not



# Critical Senate Races

- Three Potential Battles
  - SD 5 (San Joaquin) Galgiani(D) Vs Berryhill(R)
  - SD 27 (Ventura/San Fernando) Cameron Smyth (R)) Vs Pavley (D)
  - SD 31 (Riverside) Richard Roth (D)Clute(D) Vs Miller, Others? (R)

# Impact for Higher Education

- New Committee Leaders
  - Assembly Policy:
    - Marty Block, Ricardo Lara to Senate
    - Luis Alejo, Freshman Member next chair?
  - Senate Policy:
    - Alan Lowenthal to Congress
    - Carol Liu, Hancock challenged in primary
    - Curren Price next chair?

## Other Noteworthy Changes

- Assembly:
  - Termed out: Brownley, Fuentes, Fong (2014)
  - Termed out and running for other office: Galgiani, Portantino
  - Leaders: Perez (2014), Conway (2014)
- Senate:
  - Termed out: Alquist, Simitian, Kehoe, Price (2014)
  - Other Office: Vargas
  - Leaders: Steinberg (2014), New Republican Leader Huff

# Initiatives and Referendum

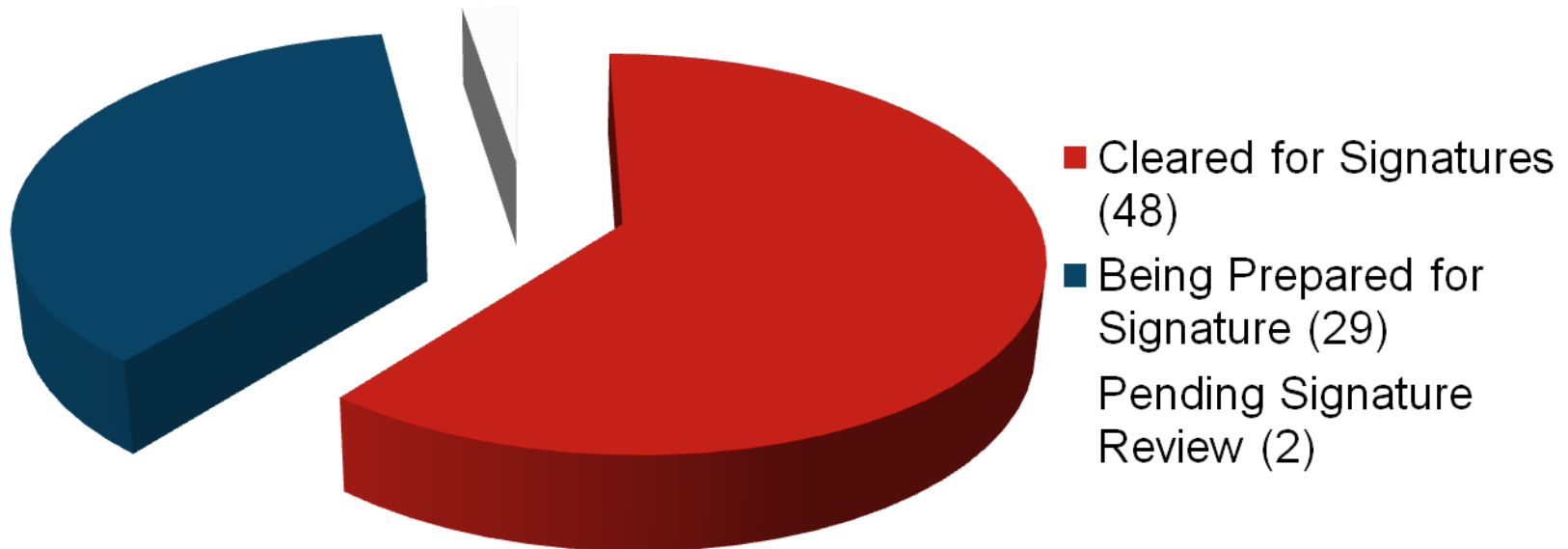
- June Ballot Items:
  - Term limits
    - Shortens overall length from 14 to 12 years
    - Allows that all 12 years could be served in one house
    - Does not apply to sitting members
  - Cigarette Tax – June ballot
    - \$1 a pack additional tax
    - Generates about \$900 million for cancer research

## November Only – New Initiatives

- SB 202 (Hancock) placed all initiatives and referendums to November ballot
  - November higher voter turnout
  - Increases chances of labor/democrats to prevail
- Referendum in the process to place question before voters
  - If qualified, it and all other eligible items would be placed on June ballot

# Lots of Action for 2012 November Ballot

## 79 Potential Proposals



# Initiatives and Referendum

- November Ballot items:
  - Safe Clean and Reliable Drinking Water Supply Act of 2012
    - \$10 Billion Water Bond
    - \$50 million for CSU research
    - Pushed back from 2012 ballot, delay again?  
Reduced?

## **Potential Ballot Issues**

- Restricting Labor's ability to influence campaigns
- Eliminate Collective Bargaining
- Prohibit State Employees from striking
- Public Pensions Reform
- California Forward to overhaul legislature, government operations
- Various tax reform proposals

# Pension Reform

- Two versions in play- Both amend the State's Constitution
  - One requires new employees to participate in a 401K defined benefit program
  - Other creates a hybrid of a smaller guaranteed pension with a 401K portion.
- Both require current employees to pay more into their retirement if their pension plan was less than 80% funded.
- Both proposals are currently in Title & Summary with the AG; all must be complete including signatures by June 28th

# Tax Proposals

- Oil Severance Proposals
  - Four versions-all specify for direct classroom purposes only
    - First failed to meet deadline
      - 48% to CCC; 11% to CSU and UC; 30% for K-12
    - Second is cleared for signatures; deadline is March 19th
      - 10% to CSAC for aid; 10% UC; 20% for CSU and CCC; 40% for K-12
    - Third is also cleared for signatures; deadline is April 19th
      - 11% to UC; 14% to CSU; 38% for CCC; and 37% for K-12
    - Fourth by John Burton is receiving title and summary from AG
      - 1/3 for higher ed; 2/3 for general fund; 50% to CSU; 25% to UC; 25% to CCC
      - May be overridden with 2/3 roll call vote of both houses and signature of Governor

# Tax Proposals

- Think Long Tax Proposal
  - Intends to raise an additional \$10 billion annually for California's General Fund
  - Nothing submitted yet –Deadline is approaching
  - Does this by:
    - Placing a sales tax on almost all services
    - Simplifies Ca's personal income tax system
    - Eliminates almost all personal income tax deductions
    - Reduces corporate tax rate
    - Raises taxes on out-of-state firms
    - Eliminate Prop 98 maintenance factor
    - Provides additional \$2.5 billion to CSU and UC

# Tax Proposals

- *Revised* Munger K-12/Preschool Proposal
  - Tax increase earmarked exclusively for K-12 schools/preschool programs
  - Sliding scale income tax hike
  - Raises \$10 billion
  - **First 4 years, \$ 3 billion bond debt, \$7 billion to schools**
  - remaining 8 years:\$8.5 billion for K-12
  - \$1.5 billion for preschool
  - Expires after 12 years
  - Proposal is currently in Title & Summary with the AG; deadline including signatures is June 28th <sup>21</sup>

## Tax Proposals

- Proposition 13—Split Roll
  - “Nonresidential real property“ assessed using “fair market value“
  - Property reassessed at least every 3 years
  - Exempts commercial agricultural land; single family; and multi-family residences.
  - Doubles the homeowner tax break to \$14,000
  - Proposal is currently in Title & Summary with the AG; deadline including signatures is June 28th

# Tax Proposals

- Free Tuition Proposal
  - Raises revenue via increased income tax on highest earners
  - Provides CSU and UC undergraduates free instruction
  - For a period of four consecutive years
  - As long as they maintain a 2.70 GPA
  - And perform 70 hours of community service
  - Proposal is currently in Title & Summary with the AG; deadline including signatures is June 28th

# Tax Proposals

- Governor's Tax Proposal
  - The Governor's plan includes:
    - 1% income tax rate increase to individuals making over \$250,000
    - 2% income tax rate increase to individuals making over \$500,000
    - Increase state sales tax by ½ cent to 7.75%
  - Projected to raise \$7 billion per year and expires in 2016
  - Proposal is currently in Title & Summary with the AG; deadline including signatures is June 28th

## Horizon for CSU

- Budgetary Chaos Through November, or Beyond
- Continued Competition of Limited Funding
- Impact of Legislative Races Important
- Initiatives Pivotal for Now and Future

## Make The Case

- Get Involved – Join the CSU eAdvocacy Network
- Connect With Your Campus Legislative Liaisons on a Regular Basis
- Campaigns
  - Identify key local candidates
  - Attend their town halls, ask questions
  - Push them to include higher education in their platform

## Summary

- Session will move quickly; budget will continue to be on forefront
- Elections will bring the higher number of new faces to Sacramento
  - Getting to know the new players will be critical
- Much rides on November Election
- All Hands on Deck; Now is the Time to Get Involved



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