



NEWS...

From the Desk of California State Treasurer Fiona Ma, CPA



MAY - JUNE 2019

Dear friends,

The benefits of higher education are well established. A person's social mobility and economic potential are enhanced by education. And so is California's prosperity, which hinges on expanding our educated workforce to meet anticipated future job growth.

Sadly, as tuition rates spiral upward and student loan debts soar to an all-time high, families can feel stuck with few options.

In this issue of the newsletter I want to promote a tried and true option that always works—saving. Starting to save early for a child's attendance at a trade school or college makes sound financial sense, especially when what you earn is tax free.

I bet you'll be surprised by how affordable, easy and simple it is to set up such a savings account with California's ScholarShare 529 college savings plan, which I oversee as State Treasurer. And I bet you'll also be pleased by the results.

Here's an example. Let's say your child is 5 years old and you anticipate that by the time she turns 18 she will enroll in a two-year community college. If you made a \$25 deposit today to open a ScholarShare 529

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This newsletter is not intended to be and should not be used for making investment decisions about State of California bonds or notes. Potential investors should always obtain and read the Official Statement published by the State for each issue of bonds or notes.

account and contributed just \$10 a week, by the time she entered that community college she will have saved about \$10,000.

You can see for yourself how savings add up under various scenarios by exploring our planning tool calculator at <https://www.scholarshare529.com/tools/add/>.

It takes only about 15 minutes to set up an account and you can do it with as little as \$25. If you act between May 28 and May 31, you reap an additional benefit -- a special \$50

match when you enroll with an initial \$50 deposit. (Go to www.scholarshare529.com/529day for more details.)

I hope you take advantage of the information presented here about ScholarShare 529, which strengthens our state and families through education

In Peace & Friendship,



Fiona



2019 Scholar Dollar Award Winning Schools

Don Benito Fundamental, Pasadena, \$15,000

Brightwood Elementary, Monterey Park, \$25,000

Joseph Casillas Elementary, Chula Vista, \$10,000

Cesar Chavez Language Academy, Santa Rosa, \$5,000

Cleveland Elementary, Oakland, \$10,000

Colfax Charter Elementary, North Hollywood, \$15,000

Condor Elementary, Twentynine Palms, \$15,000

Ethel Dwyer Middle, Huntington Beach, \$25,000

Sandra J. Gallardo Elementary, Folsom, \$10,000

Jamul Primary, Jamul, \$5,000

Junction Elementary, Roseville, \$20,000

Learning in an Urban Community with High Achievement (L.U.C.H.A.), San Jose, \$5,000

Robert A. Millikan Affiliated Charter & Performing Arts Magnet Middle, Sherman Oaks, \$30,000

Juliet Morris Elementary, Cypress, \$20,000

Patton Elementary, Garden Grove, \$25,000

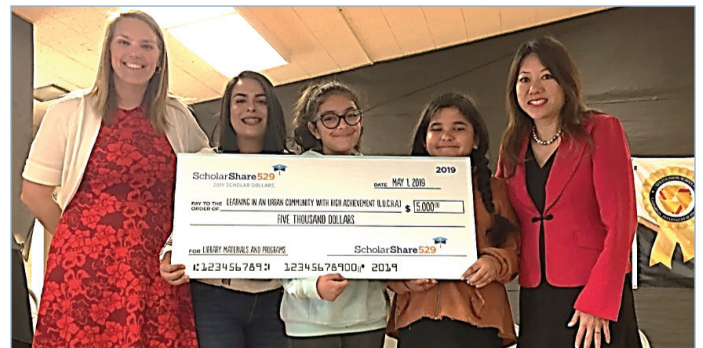
Mabel L. Pendleton Elementary, Buena Park, \$10,000

Paso Verde, Sacramento, \$5,000

Placer Elementary, Loomis, \$15,000

Repetto Elementary, Monterey Park, \$20,000

West Heritage Elementary, Fontana, \$20,000



Treasurer Fiona Ma presents a \$5,000 Scholar Dollars Award to L.U.C.H.A. Elementary in San Jose, one of 20 schools that recently received a total of \$300,000 to fund extracurricular and after school activities that create college-going cultures. The annual competition is open to schools statewide.

Learn more at: MyScholarDollars.com



ABCs of the BCAs

Financing and Investing for California Families, Businesses and Infrastructure ... Through 26 Boards, Commissions and Authorities (BCAs) Treasurer Ma is a Member of, or Chairs.

FEATURED BCA

ScholarShare 529

Colleges and universities can be expensive. Who wants to take on loans it may take years to pay off? At the same time, we all want the upward mobility, higher income potential, and equal shot at living the California dream that tends to follow getting a higher education.

So, what's a family to do?

State Treasurer Fiona Ma recommends you consider [opening a California ScholarShare 529 college savings plan](#) as soon as you can.

If you act now, you could even qualify for a matching contribution!

May 29 is National 529 College Savings Day and the state's program is celebrating by offering a [special \\$50 match promotion](#) to anyone who opens a new ScholarShare 529 account between May 28 and May 31 with an initial contribution of \$50 or more.

To be eligible, the account owner must also sign up for an automatic contribution plan of \$25 or more for a minimum of six months. The matching deposit of \$50 will be made to your account by January 31, 2020. There is a limit of one matching deposit for each new account opened for a new beneficiary.

The \$50 match is not the only reason to start saving, of course. Studies show that students with a dedicated college savings account in their name are seven times more likely to attend college than those without a savings account.

Starting to save now can make a big difference with college costs skyrocketing. Over the past 40 years, tuition has risen two or three times faster than inflation. And, according to the Federal Reserve Bank of New York, student debt has

reached an all-time high of \$1.5 trillion nationally – up from \$620 billion in 2008.

Your ScholarShare 529 account earnings on investments are tax-free, as long as the funds are used for qualified higher education expenses. Qualified expenses can include tuition, fees, books, supplies, computer equipment, and the cost of room and board.

Editor's note: As this issue entered production we learned that the Legislature approved a resolution Treasurer Ma sponsored declaring May 29 to be 529 College Savings Day in California. The Treasurer sends a hearty "thank you" to Senator Connie Leyva, D-San Bernardino, the author of Senate Concurrent Resolution 37.

There is a range of investment options to select from. And ScholarShare 529 funds may be used at eligible schools across the U.S. and around the world – not just at California colleges, universities, and trade schools.

ScholarShare 529 investment earnings are already tax-deferred under IRS rules. But Treasurer Ma is working with Assembly Majority Leader Ian Calderon, D-Whittier, to make it even a better deal, Assembly Bill 211 would allow account holders who contribute to one or more of their ScholarShare 529 accounts to also receive an annual state income tax deduction of \$5,000 for single taxpayers, \$10,000 for those who file jointly.

California launched its 529 plan in 1999 and its growth has been phenomenal, rising from \$3.2 billion in 2009 to more than \$9 billion in May 2019. Today, there are more than 322,000 ScholarShare 529 accounts.

ScholarShare 529's associated [Workplace Savings Program](#) is also a growing success. This program supports employers who would like to offer ScholarShare 529 as a voluntary benefit to their employees. Nearly 1,000 employers in California are currently participants.

ScholarShare 529 and Treasurer Ma also promote the importance of getting students ready for higher learning through an annual "[Scholar Dollars](#)" awards program. Scholar Dollars recently distributed more than \$300,000 to 20 winning K-8 schools that create college-going cultures through programs that engage, captivate, and inspire students.

Earlier this month the Treasurer, who chairs the ScholarShare Investment Board that oversees the ScholarShare 529 plan, personally delivered a \$5,000 check to LUCHA, an elementary school in San Jose that is using its award money to buy library books and learning technology.

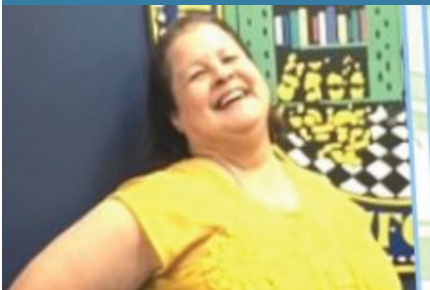


Have we mentioned how helpful it is when communicating with elementary school students to be accompanied by your dog? Our dog? Diploma Dog, of course!

For additional information, check out ScholarShare 529's new digital information kit. You can find information here: www.scholarshare529.com/kit

Note: Each month we will be sharing information on one of our BCAs and explain how the programs behind the acronym are enhancing the lives of Californians all across the state -- and how you, your family, or your business can share in, and contribute to, California's prosperity.

FEATURED EMPLOYEE OF THE MONTH



Heart of the Treasury

Meet the people in the State Treasurer's Office whose public service inspires us and is making a difference.

Our May employee of the month is Tawnia Starr-Contreras. A veteran of more than 12 years at the Treasurer's Office, Tawnia has spent all of those years as the assistant for the Legal Office, and providing support for the Executive Office.

Among Tawnia's primary responsibilities are (1) managing responses to Public Records Act requests, of which the office receives almost 300 per year; (2) coordinating and tracking appointments oaths, delegation letters, and other administrative documents; and (3) serving as a liaison between the Legal Office and the rest of the Treasurer's Office. More recently, during the transition from Treasurer John Chiang to Treasurer Fiona Ma, Tawnia helped with re-organizing the office, cleaning out cubicles and offices for new arrivals, stepping in to assist with other assignments due to the change in personnel, and helping orient new

Executive Office employees to the Treasurer's Office.

"Tawnia was extremely helpful showing me the procedures when I first started at the STO," said Rita Clark, one of the Executive Office's new staff assistants. "She makes it a point to ask me every day if I need anything."

Outside of work, Tawnia spends a lot of time with her family, which includes her two grandsons, whom she spoils every chance she gets, and many others she has fostered and mentored through the years. She also volunteers her time for worthwhile causes.

The State Treasurer's Office is grateful to have Tawnia, who has a positive attitude and encouraging words for everyone who crosses her path.



Ask Fiona

Dear Fiona,

I'm going to open a ScholarShare 529 account in order to save for my daughter's future education costs.

What types of schools and expenses can my college savings account be used for?

Sincerely,

Melanie

Dear Melanie,

I commend you for taking steps to save for your daughter's education. Saving now with California's ScholarShare 529 program will help ease the burden of covering your daughter's future education costs. One of the great things about the ScholarShare 529 program is the amount of flexibility it offers. Funds in the account may be withdrawn for a variety of higher education expenses at an eligible educational institution, including books, supplies, tuition, fees, computer and related technology costs, certain room and board expenses, and essential equipment required. An eligible educational institution generally includes most accredited post-secondary educational institutions, including two- and four-year colleges and universities;

technical, trade and vocational schools; graduate studies programs; and some institutions abroad.

In addition, a student may withdraw up to \$10,000 annually without paying federal tax if the money is used for tuition expenses at a public, private or religious elementary, middle, or high school; however, withdrawals for such expenses are subject to state income tax and an additional 2.5 percent California tax. You should consult with a qualified advisor about how tax provisions affect your specific circumstances.

Don't forget, you don't have to save for your daughter's education all on your own! Family and friends can make gifts to your ScholarShare 529 account for maximum growth potential.

For complete details and answers to more of your ScholarShare 529 questions, please visit our FAQs page at <https://www.scholarshare529.com/help/faq/>. You may also wish to read the program's Disclosure Booklet, available online at https://www.scholarshare529.com/documents/ca_disclosure.pdf.

Thank you for your interest in saving for higher education with ScholarShare 529.

Sincerely,
Fiona



Have a Question for the Treasurer?

Readers:

Send your questions for California State Treasurer Fiona Ma via email to: AskFiona@treasurer.ca.gov

Address letters to:

California State Treasurer Fiona Ma
Post Office Box 942809, Sacramento, CA 94209-0001



Top Billing

A monthly update on key legislation for Treasurer Ma

Financial Institutions for Cannabis

Senate Bill 51, Robert M. Hertzberg (D-Van Nuys)

<https://sd18.senate.ca.gov/>

Creates a limited-purpose state charter for privately funded banks to service licensed cannabis businesses with the goal of providing alternative banking opportunities for the cash-only cannabis industry.

529 ScholarShare Tax Deduction on State Income Taxes

Assembly Bill 211, Ian Calderon (D-Whittier)

<https://a57.asmdc.org/>

Provides a state income tax deduction for those who contribute to a California ScholarShare 529 account, not to exceed \$5,000 for single taxpayers, or \$10,000 for joint filers. *(Amended in Appropriations to include salary caps of \$75,000 for single taxpayers and \$150,000 for joint filers.)*

Online Retailers Sales Tax: Expansion to Marketplace Facilitators

Assembly Bill 147, Autumn Burke (D-Marina del Rey)

<https://a62.asmdc.org/>

Extends retailers sales tax to online marketplace facilitators and requires them to collect and remit taxes on behalf of third-party sellers. *(Signed into law.)*

Extension of the Sales Tax Exclusion Program

Senate Bill 162, Cathleen Galgiani (D-Stockton)

<https://sd05.senate.ca.gov/>

Extends authorization of the California Alternative Energy and Advanced Transportation Financing Authority (CAEATA) to January 1, 2030 for the purpose of providing financial assistance in the form of a sales and use tax exclusion for qualifying projects. Projects include those that promote California-based manufacturing, California-based jobs, advanced manufacturing, reduction of greenhouse gases, or reduction in air and water pollution or energy consumption.

Name Translation on Ballot Materials

Assembly Bill 57, Evan Low (D-Silicon Valley)

<https://a28.asmdc.org/>

Standardizes the way names are translated into character-based languages on the California ballot.



Top Billing

A monthly update on key legislation for Treasurer Ma

Temporary Tax Reductions on Cannabis Cultivation and Excise Taxes

Assembly Bill 286, Rob Bonta (D-Oakland)

<https://a18.asmdc.org/>

Temporarily reduces the state's cannabis excise tax from 15 percent to 11 percent and suspends the cultivation tax altogether to help the fledgling industry establish itself and undercut black market sales. *(Held in Appropriations.)*

Tax Deductions on Ordinary Business Expenses for Cannabis Businesses

Assembly Bill 37, Reginald Byron Jones-Sawyer Sr.

(D-Los Angeles)

<https://a59.asmdc.org/>

Allows cannabis businesses to receive the same state income tax deductions as regular businesses on ordinary business expenses for each taxable year beginning on and after January 1, 2019.

Expand the Low-Income Housing Tax Credit

Assembly Bill 10, David Chiu (D-San Francisco)

<https://a17.asmdc.org/>

Increases California's Low Income Housing Tax Credit (LIHTC) by \$500 million beginning in 2020 and would allocate to farmworker housing projects \$25,000,000 per year of that amount.

Eliminate Sunset Date for Certification and Bifurcation of Low-Income Housing Tax Credits

Senate Bill 9, Jim Beall (D-San Jose)

<https://sd15.senate.ca.gov/>

Eliminates the sunset date for reauthorization to certificate and bifurcate state Low-Income Housing Tax Credits, and would require the allocation of credits among partners in accordance with the partnership agreement and authorizing the sale of a credit, as described by the bill indefinitely.



The Vault

Calendar of recent and upcoming public finance activities and bond sales

Week of July 8

Trustees of the California State University Systemwide Revenue Bonds Series (\$800 million)

The bonds will provide money for various projects throughout the university system. Also includes remarketing of previously issued bonds.

For more information go to: <https://www.buycaliforniabonds.com>

Calendar of Upcoming BCA Events

Boards, Commissions and Authorities (BCAs) within the State Treasurer's Office

June

10 Small Business Workshop

9:30AM to 1PM | UC Merced Downtown, Campus Center, 655 West 18 th Street, Merced, CA, 95340

Topics: Access to capital. Retirement savings program. Small business resources. More.

Sponsored by: State Treasurer Fiona MA, CPA; Assemblymember Adam Gray; University of California, Merced; Greater Merced Chamber of Commerce; California Small Business Development Center; Small Business Majority

Limited Space. <http://bit.ly/MercedSBS2019>

26 ScholarShare Investment Board Meeting

1 PM | 915 Capitol Mall, Room 587, Sacramento, CA

Public participation via phone: (877) 810-9415 / Code: 6535126

<https://www.treasurer.ca.gov/scholarshare/meeting/index.asp>

ScholarShare 529

<https://www.scholarshare529.com/>

For a full roster of meetings, public presentations, deadlines for grants, and more, for all boards, commissions and authorities (BCAs) please go to the Treasurer's website: <https://www.treasurer.ca.gov/>



The Ma Squad

Travels in May in photos



Joined by sexual assault victims, pension trustees and supporters of Trustees United during Denim Day at the Capitol, Treasurer Ma led the call for investors to adopt safe workplace principles.



Treasurer Ma and Chief of Staff Genevieve Jopanda join a happy group of children and parents who work in the State Treasurer's Office on "Take Your Child to Work Day."



Swearing in transit rail project expert Frederick Jordan, president of F.E. Jordan Associates Inc., to the State's High-Speed Rail Authority Peer Review Group.



WinRock International American Carbon Registry presenting Treasurer Ma with its "Commitment to Quality Award" for the Treasurer's leadership on climate issues.



At the Asian American Pacific Islander Employee Resource Group of Southern California Edison for a panel celebrating AAPI heritage month and leadership in public service. Treasurer Ma served on a panel with Maria Rigatti, executive vice president and chief financial officer of Edison International, the parent company of Southern California Edison.