Fiona Ma, CPA
Treasurer
State of California

December 19, 2019

Dear Friends,

The science fiction writer William Gibson, who created the term "cyberspace," is also credited with observing that "***… the future is already here, it's just not distributed evenly.***" That's also a good way to describe one of the overarching goals of my administration as California's 34th Treasurer – which is to recognize the future and make sure it is distributed evenly.

As the State Treasurer for the world's fifth largest economy, I take my job very seriously and thank the 7.8 million voters who elected me on November 6, 2018. I was sworn-in on January 8, 2019 and am fortunate to work with 450 highly motivated, ethical, and trained professionals at the State Treasurer's Office (STO). And although I don't mention specific people by name here, I want to personally thank my dedicated team at the STO for safeguarding our public funds and serving our constituents with distinction.

SERVING AS THE STATE'S BANKER

All taxes, fines, fees, interest, and penalties come through my office. That totals more than $2 trillion each year. Pursuant to State law, the State Treasurer serves as agent for sale on all State bonds. For example, from July to December, the STO sold $7.65 billion of bonds, including:

- $4.23 billion of voter-approved general obligation bonds, including $1.74 billion for new projects and $2.49 billion of refunding bonds. The refunding bonds will save the State's General Fund $883 million over the next 20 years, or $742.6 million on a present value basis.
- $596 million of revenue bonds for the Trustees of the California State University.
- $500 million of revenue bonds issued by the California Health Facilities Financing Authority for the Department of Housing and Community Development's No Place Like Home Program.
- $374.2 million of lease revenue bonds for the State Public Works Board.
- $272.6 million of lease revenue bonds issued by the California Infrastructure and Economic Development Bank for the California State Teacher's Retirement System.
- $1.68 billion of conduit revenue bonds issued various State financing authorities, including those chaired by the State Treasurer.

Overall, the STO oversees $85 billion in bonds and manages $85 billion to $100 billion, a new all-time high, in short term investments in what is called our Pooled Money Investment Account. About 80 percent of that account is made up of state funds and the other 20 percent comes from counties, cities, and special districts. Think of it as a government checking account, but with a much better interest rate, 2.057 percent as of December 6, 2019, thanks to our skilled Finance Staff.

My new Local Agency Investment Fund board, which oversees the portion of the fund from local governments, voted recently to increase the maximum amount local governments can invest with us from $65 million to $75 million per year. We also invest $5 billion with local community banks and credit unions through our Time Deposit Program, giving them a chance to participate in state finances. In addition, we are working to expand the network of financial institutions that can participate to every corner of the state.

BENEFITTING FROM A STRONG ECONOMY

We have been fortunate that the economy has been stronger than expected this year. The stock and bond markets have been active but unpredictable, depending on the tweet of the day or major world event. Overall, the general consumer mood has been upbeat in California. I just got back from three days in New York City meeting with financial professionals who wanted to know what California is doing to prepare for the inevitable slowdown in the economy and the next recession.

Having served as Majority Whip in the Assembly during the 2008 Great Recession, I have experience in navigating difficult financial situations. My colleagues and I were in a state of shock when we faced a $40 billion deficit overnight. We worked with our financial partners to make tough decisions and figure out creative ways to get through the storm.

Now we are much better prepared. Former two-term Governor Jerry Brown was elected again as our Governor in November 2010 at the tail end of the Great Recession and inherited a $27 billion budget deficit. From 2010-2018, he tore up the credit cards, made many long-term reforms, most notably to our pension system, paid down the “wall of debt,” money owed to schools, local governments and special funds, and left office with a healthy $13.8 billion in our Rainy Day Fund. We will be forever grateful for his leadership.

Governor Gavin Newsom started his first term on January 7, 2019 and has shown fiscal discipline by vetoing bills that had steep costs, putting more money into our Rainy Day Fund, and paying down some of our unfunded liabilities. The rest of the nation has noticed. Fitch and Moody’s credit rating agencies upgraded California’s rating a notch in August and October respectively.

In 1935, during the bleakest years of the Great Depression, President Roosevelt created the Works Progress Administration (WPA) which put roughly 8.5 million Americans to work over eight years. Today, our Governor’s decision to sell bonds, which I fully support, will have the same effect. Since February, my talented Public Finance team has successfully sold a dozen large infrastructure bonds, which will keep people working over the next eight+ years. Due to low interest rates this year, we also refinanced old debt, and saved the state $2.3 billion over the remaining life of the bonds.

SPONSORING LEGISLATION

As a former legislator and head of an office with a wide portfolio of programs, I am very active in the California Legislature. This year we sponsored 15 pieces of legislation; the Governor signed 10; we took a support position on approximately 25 bills, and our office provided technical support to approximately 30 other bills. People often ask me, "how does a State Treasurer sponsor legislation?" Here are three examples:

1). MASTER PLAN FOR AGING – In Governor Newsom's 2019 State of the State address, he set forth a commitment to develop a Master Plan for Aging. As such, I sponsored three bills with the goal of addressing the needs of our state's older adults, people with disabilities and family caregivers. These bills are [AB 1287 (Nazarian), AB 1382 (Aguiar-Curry), and SB 611 (Cabellero). In addition I am also supporting SB 512 by Richard Pan. Given the rapid increase in our state's older adult population, I appreciate the tremendous impact that this demographic imperative will have on our infrastructure and finances.

I have lived with my parents for the last 15 years, so I know first-hand that families struggle to weave together the range of services needed to help their loved ones remain at home, and don't know where to turn for help in finding and paying for services. Many individuals fall into poverty while paying out of pocket for their own care needs, or a loved one's needs. According to the Public Policy Institute of California, the state's population age 65 and older will nearly double by 2030, increasing by four million people-- all the while becoming more racially and economically diverse. This demographic shift will impact all areas of the service delivery system – including health care, long-term services and supports (LTSS), housing, transportation, workforce and others. Meanwhile, California's service delivery system is challenged by fragmentation at the state and local levels, workforce shortages, and programs that cannot keep pace with population need. Many older Californians face financial stress, isolation, and limited access to the services and supports they need to live well on their own terms.

So again, I am working with the Governor and members of the Legislature to move forward with a master plan that addresses the aging of California's population.

2). STATE-CHARTERED BANKS – One of my top priorities is bringing the cannabis industry into the banking system. In February, I testified before the U.S. House Consumer Subcommittee on Consumer Protection and Financial Institutions. Urging federal lawmakers to enact safe harbor legislation aimed at encouraging more banks and credit unions to accept state-licensed cannabis businesses as customers. H.R. 1595, the Secure and Fair Enforcement Act of 2019 (SAFE Banking Act) (Authored by U.S. Reps. Ed Perlmutter (D-CO-07) and Denny Heck (D-WA-10), passed by a wide bi-partisan House vote of 321 to 103. The bill is now awaiting a hearing in the U.S. Senate.

When Proposition 64, the Adult Use of Marijuana Act first passed, we estimated that California would generate $1 billion in taxes from the legal cannabis market, but we have missed that mark by a long shot while the illicit market is growing and flourishing. Getting cash into banks will improve public safety, create a paper trail to ensure taxpayers are paying their fair share of taxes, improve credit scores, and give small businesses access to the capital markets. Oregon State Treasurer Tobias Read, Illinois State Treasurer Michael Frerichs and I penned an Op-Ed supporting banking access for this industry. The National Association of State Treasurers joined us by passing a resolution seeking the same goal. If the federal government does not act soon, I will continue to seek a California solution by changing the laws in California.

Currently, I am sponsoring SB 51, by Senator Majority Leader Bob Hertzberg. It would allow private banks and credit unions to apply for a state-chartered bank license that doesn't interact with the federal system, which in turn would allow licensed cannabis-related businesses to open accounts and deposit income. SB 51 has received overwhelming and bi-partisan support. The legislation is being held in the Assembly, while we work with the Governor's office to further refine it. I am optimistic we can work out a deal next year and quickly send the bill to the Governor for a signature with an urgency clause, which will allow it to take effect immediately.

3). ACCESS TO HIGH QUALITY FOOD AT REASONABLE PRICES – In 2010, the SF Food Bank encouraged me and other legislators to take the "Food Stamp Challenge" back in 2010. I found out that $28 a week doesn't go very far and it was hard to eat balanced nutritious meals without supplementing my diet with free food and meals. Fast forward to today: Nearly 1 in 4 children in California (23%) live in families who struggle to afford the basics and conditions for many children of color are far worse off. Food deserts are still an issue even in our rural communities where we grow most of our fresh fruits, nuts and vegetables that feed the nation.

AB 581 (Speaker John A. Perez) was signed by Governor Brown in 2011 to increase and promote food access through the California Healthy Food Financing Initiative Council (CHFFIC). Due to the Great Recession, this Initiative was never funded. Today there are a number of ways the public and private sectors are addressing hunger, food insecurity, and food deserts but needs a coordinating hub to best leverage resources and serve the maximum amount of people as efficiently as possible. Our office is currently exploring options to activate CHFFIC so we can overcome hunger and food insecurities.

FINANCING PUBLIC PROJECTS

I serve as a voting member of 10 boards and commissions and chair 16 Boards, Commissions and Authorities (BCAs) – many of these were launched by former Treasurer Jess Unruh who understood the importance and relationship between funding and financing of all projects in the state. Each BCA has different roles, but one thing they have in common is to serve Californians, in many cases by offering low-cost financing to important public projects such as low-income housing and hospitals.

On Day One, I introduced my "Ma Squad" core principles. These principles convey my expectations and the way I would like to do business. They clearly communicate that our customers come first – you can take that to the bank. Transparency and accountability rank high among these principles and we have made a point to document every major financial activity in "Press Releases" which can be found on our website under the "News" toolbar.

With my Deputies, we categorized our four main platforms as follows: jobs, housing, environment, and financial wellness.

JOBS

According to the Legislative Analyst's Office, half of the state's personal income tax revenue comes from those making $500,000 or more. Conversely, households making $50,000 or less make up nearly 60 percent of tax filings, but make up just 2 percent of revenue. California's general fund is highly dependent not only on individual income taxes but also corporate and sales taxes as well. So keeping high paying, quality jobs in California is paramount. It also helps if companies pay bonuses and offer stock options.

Our economic development team has been working closely with Governor Newsom's Office of Business and Economic Development (GoBiz) on attracting and maintaining jobs in the areas of finance, high tech, bio tech, advanced manufacturing, aerospace, and the movie industry... just to name a few. As a CPA tax accountant, I know tax incentives work and tax policies do play a role in a company's decision- making process.

I am pleased to be part of the team that worked to pass the most comprehensive tax code overhaul in decades. Legislation I sponsored, AB 147 (Burke/McGuire), was signed by Governor Gavin Newsom in April and it established a comprehensive set of tax collection rules to promote marketplace fairness for online retailers while also balancing the needs of consumers, small businesses, and local governments. The legislation was a response to the U.S. Supreme Court's Wayfair decision allowing the collection of sales taxes from out-of-state sellers. I am proud to have led on this issue for years.

Speaking of taxes, comprehensive "tax reform" has been kicked around for decades to help smooth out the effects of income peaks and valleys and to relieve our dependency on high net worth individuals. However, it takes two-thirds of the legislature to create a new tax, which is always difficult to do. But many interest groups are trying to enact tax reform through the initiative process. So prepare to encounter more folks with clipboards trying to gather the signatures needed to qualify state initiatives to ask constituents to vote on which tax reform ideas they like.

Throughout my time serving as a an elected official in California, I have found that government has programs and other financial resources to help taxpayers, but often there is not an easy, efficient, or well-known process for taxpayers to utilize these funds or programs when they need them most. With this in mind, I have built an energetic outreach team to hit the streets and spread the word about helpful government programs. We have hosted a number of small business and financial literacy workshops around the state and we regularly send subject matter experts to speak and participate at conferences throughout the year.

HOUSING

Demand is far outpacing supply for all types of housing in California. One major reason is the demise of our state's 400 redevelopment agencies in 2012 and disbanding the experts who could navigate the complex planning, land use and funding processes. Redevelopment Agencies were also the source of $1 billion directed toward affordable housing.

My office oversees private activity bonds (through the California Debt Limit Allocation Committee - CDLAC) and the 4 percent and 9 percent housing tax credits (though the California Tax Credit Allocation Committee - CTCAC) that are used to build and maintain low-income housing and keep rents in these units affordable for 55 years. In January, we outlined goals to: 1) Increase housing production; 2) Increase efficiencies in the use of resources available for housing production and economic development; 3) Incentivize/spur new technology; 4) Increase opportunities for people of color in the development and investment space; 5) Empower people to be part of the development happening in their communities; and 6) Increase opportunities for wealth building for all individuals irrespective of their zip code. These goals represent a cultural shift in the way the Treasurer's Office has historically done business.

We then conducted a 15-citiy listening tour to bring stakeholders together to better define the crisis and come up with solutions to streamline processes.

The Federal Tax Cuts and Jobs Act of 2017 allows a federal tax deferral of long-term capital gains if the gains are invested in one of the designated opportunity zones in low-income urban and rural communities in each state. California has 879 Designated Opportunity Zones; 57 (of 58) counties in California include at least one Opportunity Zone; and 3 million Californians are living in Opportunity Zones. So it was the Governor's and my hope that we could establish some California-Federal tax conformity for investments in Green Tech and Affordable Housing projects. Unfortunately, the Legislature did not agree with us by the June 30th budget deadline so we do not have any state tax deferral conformity. We will, however, continue to educate state and local leaders and communities about the potential benefits of aligning state and federal tax policies to spur private capital infusions to revitalize underserved communities and help difficult projects pencil out.

In October, we convened a Housing, Economic Development, Jobs and Opportunity Zone Ad Hoc Committee and appointed 12 individuals who have diverse public and private sector experience. The mission of the Committee is to develop out-of-the-box strategies and solutions to advance our housing and economic development goals. We plan to meet quarterly or more frequently as needed.

The CTCAC board recently voted on initial regulation revisions. We are now embarking on reviewing the CDLAC regulations. For the first time in almost two decades, we expect the 4 percent tax credit to be oversubscribed and are actively lobbying Congress on including S. 1703/H.R. 3077 as part of its end of the year spending and tax package. This bill is critical to help us through our housing crisis, especially setting a 4 percent minimum on Housing Credit for affordable housing, expanding bond recycling and expanding the 9 percent allocation. Here's an explanation: **www.taxcreditcoalition.org/wp-content/uploads/2018/08/%20AHCIA-Summary.pdf**.

Today's veterans have answered our nation's call in unimaginable ways -multiple deployments, families placed on hold, and injuries are just a few. These kinds of sacrifices are among the many important reasons we want to offer a special salute to the dedicated men and women of the armed forces. This year, we sold $78 million of Home Purchase Revenue Bonds and another $102 Million in General Obligation Bonds for the California Department of Veterans Affairs (CalVet).

Since its establishment in 1921, the CalVet Home Loan program has provided loans to more than 425,000 veterans in California. The program's guiding principle is to provide the best product for the lowest possible cost, without costing California taxpayers a penny. We are actively encouraging more veterans to apply while the money lasts. It is an honor to play a part in the continuation of this critical program that ensures homeownership opportunities.

Homelessness continues to grow due to lack of affordable housing options, lack of access to quality medical services, as well as mental health issues, substance addictions and other factors. Last month we successfully sold $500 million in revenue bonds for the State's No Place Like Home (NPLH) program, a groundbreaking effort to use voter-approved income tax revenues earmarked to help relieve the state's homeless problem. These are the first tranche of the $2 billion in bonds authorized by Proposition 2 (approved by voters in November 2018) so plan for more housing with supportive services to come.

Governor Brown signed into law AB 1618 (Assemblymember Jones-Sawyer), the No Place Like Home initiative, on July 1, 2016. It takes money from Proposition 63, The Mental Health Services Act of 2004, which imposes a 1 percent tax on California residents with million dollar-plus incomes a year, to pay back $2 billion in bonds. The bonds will be used to construct permanent safe housing with wrap around, supportive services for chronically homeless persons with mental illness. This is part of a comprehensive legislative package spearheaded by Former President Pro Tempore Kevin de Leon. His package also does the following:

- $45 million in the current budget for rent subsidies;
- $22 million in the current budget to create housing programs for homeless families or families at risk for homelessness;
- An increase to Supplemental Income/State Supplementary Payment (SSI/SSP) program grants for poor elders and people living with disabilities;
- A one-time infusion of $45 million in the current budget to assist local governments in expanding outreach to more eligible people to enroll in the SSI/SSP program.

In 2017, Governor Jerry Brown signed AB 19 (Santiago, Chiu, McCarty), which waives the first year of fees for any first-time student who enrolls full-time at one of 114 community colleges in California. This year, Governor Newsom included the second year of free tuition in his budget. At $46 per credit, or less than $1,400 annually for a full course load, California's community colleges provide affordable access to a quality education for students in our country. But other educational and living expenses and less financial aid available for those attending community colleges is forcing some to couch surf or live/sleep in their cars. To address the high costs of housing for these students, we are working with community colleges to provide low-cost permanent housing facilities for their students.

ENVIRONMENT

California is leading in the climate change movement. One of my BCAs, the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) works collaboratively with public and private partners to finance companies that reduce the state's greenhouse gas emissions, conserve energy and promote economic development and jobs. I have visited a number of the businesses that say this program is a "game changer" in whether to open, expand and/or stay in California.

The California Pollution Control Financing Authority (CPCFA) provides low-cost financing to help companies be more environmentally clean and green. We also facilitate low-cost financing to qualified waste and recycling projects, and other projects to control pollution and improve water supply. One exciting project is the world's first rice straw recycling facility in the City of Willows. Each year we grow approximately 500,000 acres of rice per year and throw away the rice straw, the bottom part of the plant. Our office assisted with $73.7 million in tax-exempt green bond financing to CalPlant I, LLC, a company that will turn rice straw, previously considered trash, into medium density fiberboard which can be used in manufacturing flooring, furniture, doors, shelves and other products. This product will be more fire and weather resistant than existing building materials. The plant, scheduled to open soon, is expected to employ 115 full- time workers and an additional 450 part-time workers during the harvest season, from September through November. It will also support 325 construction jobs as this first-of-a-kind project is being built.

In Governor Newsom's State of the State Address in January, he reaffirmed that California "will never waver on achieving the nation's most ambitious clean energy goals." California is leading on so many green fronts. Last year for example, California leaders committed to Senate Bill 100 (de León), which will phase out fossil fuels from the electrical grid by 2045.

As a board member for the Climate Bonds Initiative, which is an investor-focused not-for-profit organization, we are committed to "keeping it green." I also serve as a member of the Climate Bonds Standard Board, which utilizes rigorous scientific criteria to label investments as "Climate Bond Certified" in certain countries.

Similarly, as more socially conscious investors are demanding more "green" investments in the United States, we see the opportunity to demonstrate leadership. This past June, we launched the inaugural meeting of the California Green Bond Market Development Committee at the Center for Environmental Public Policy at UC Berkeley's Goldman School of Public Policy to develop the strategy and tactics necessary to lead California to a functioning green bond market. This Committee consists of 27 academics, engineers, public policy experts, attorneys, and climate scientists. We also asked members to identify and promote state and local bond financed infrastructure projects as climate-ready if they meet the standards established as supporting resilience, adaptation, or climate response recognized by international scientists. We hope to have final standards by the 2020 fall bond sale season.

I am also one of three elected officials that serves on the California Earthquake Authority's (CEA) Governing Board. We vote on issues involving earthquake insurance, which is now more affordable for some areas in California. You can use the CEA Premium Calculator for a free CEA California residential earthquake insurance premium estimate. Knowing how earthquakes can cause structural damage—why it happens and how you can protect against it—can help you minimize earthquake damage to your house. Browse CEA's structural risk pages to educate yourself on foundation anchors, cripple-wall bracing, and other retrofits and ask CEA whether there is funding or financing programs available.

We have recently added the administration of wildfire funds to our list of duties. The 2019 California Wildfire Legislation (AB 1054, AB 111 and AB 1514) provides for the California Earthquake Authority (CEA) to act as the Interim Administrator of the California Wildfire Fund until the selection of a permanent Administrator by the California Catastrophe Response Council (Council).

FINANCIAL WELLNESS

My father is proud (and we are thankful) that he set up accounts for my siblings and me when we were born and invested in dividend reinvestment stocks to ensure the money in our accounts grew and compounded over time. We could use the money for higher education, to start a business and/or buy a house. In my case, I used their savings as a down payment to buy a two-unit building when I graduated from the Rochester Institute of Technology. It was a great investment since I was able to build equity over those 10 years.

Studies show that children with up to $500 saved for college are three times more likely to enroll in, and four times more likely to graduate from, college than children who have nothing saved. As Chair of our state's ScholarShare 529 program, I am encouraging parents, grandparents, aunts and uncles to open up an account to save for a family member's higher education costs, which will also decrease student loan debt for our next generation. And what makes it even more enticing is that California's ScholarShare 529 College Savings Plan is one of the top four in the nation. On October 22, 2019, Morningstar Inc., which analyzes mutual funds and savings plans, upgraded California's ScholarShare 529 College Savings Plan to a Gold rating, a distinction that only three other state plans have.

Unfortunately, a large percentage of Californians still invest in another state's 529 plan. When I found this out, I felt compelled to work with Assembly Majority Leader Ian Calderon on AB 211. Our bill would have allowed a tax deduction for putting money into a California ScholarShare 529 plan. Although the bill was vetoed, I will continue to champion this cause to incentivize families to save for a child's higher education, help our next generation start their professional lives debt free, and bring investment money back into our state.

One great program operated by ScholarShare 529 is "Scholar Dollars," which supports extracurricular and enrichment programs that in some cases were cut or dropped altogether because of budget cuts. This year more than $300,000 was awarded to 20 K-8 schools throughout the state to fund technology, music, art, theater, computer science, sports, and other programs. Schools win the grants by mobilizing their communities to cast votes. This year 377 schools competed and more than 285,000 votes were cast. I personally visited all 20 winning schools and delivered enlarged "Scholar Dollars" checks to help raise awareness about ScholarShare 529 and saving for college early.

Did you know that the average student loan debt is $36,521? According to the U.S. Department of Education's College Affordability and Transparency Center there is $1.48 trillion total student loan debt in the United States **www.collegecost.ed.gov**. One of our big 2020 initiatives is to convene a Student Loans Debt Working Group to better understand the student loan debt crisis in California. We plan to have monthly meetings starting in January and come out with a report by year end with recommendations on ways to alleviate the high student loan burdens for working Californians.

Governor Newsom's budget included $50 million to spur and expand children's savings account (CSA) programs for children statewide. The California Kids Investment and Development Savings Program will receive a $25 million one-time General Fund allocation to establish a college savings account for every child born on or after July 1, 2020. The Child Savings Account Grant Program will receive a $25 million one-time General Fund allocation to support new and existing CSA programs administered by local governments and nonprofit organizations that open savings accounts for students at schools in lower-income neighborhoods, serve children up to age 10 and invest a minimum of $100 to open each account. This program will be run by the Student Aid Commission.

Another priority is reducing child poverty. To do so we have been expanding programs that help families, such as the Earned Income Tax Credit. We are working toward a future where our youngest children can live in families with enough resources to meet basic needs and have a good chance of improving their lives. When our families and children succeed, we all succeed. **www.ppic.org/publication/reducing-child-poverty-in-california-a-look-at-housing-costs-wages-and-the-safety-net/**

One of the best and most innovative programs run by my office is CalSavers, a retirement savings program. Living together with my parents for the past 15 years has reminded me how important it is to save for retirement. CalSavers, authored by former Senator Kevin De Leon and spearheaded by my predecessor, former Treasurer John Chiang, is a very popular savings tool that launched at the beginning of this year. CalSavers, similar to a Roth IRA, is available to any employee who is not offered a retirement plan by their employer. Independent contractors and gig workers are also now eligible to join. It's easy to enroll, relatively inexpensive, and professionally managed under my office.

Another new program operated in my office is changing lives for those with disabilities. CalABLE, launched a year ago, allows anyone with a disability diagnosed before the age of 26 to open up an account in his/ her name and save up to $15,000 a year, compared to the previous limit of $2,000 a year, without jeopardizing other vital benefits. I am working with other state treasurers through the National Association of State Treasurers or NAST to increase the age to 46 since some disabilities occur later in life. Speaking of NAST, I am honored to have been nominated by the President David Damschen, the Treasurer of Utah, to the Governmental Accounting Standards Advisory Council (GASAC) to advise the Governmental Accounting Standards Board (GASB) on strategic and technical issues, project priorities, and other matters that affect standards setting.

My term on GASAC started August 28, 2019 and will conclude December 31, 2020. Our California Debt and Investment Advisory Committee (CDIAC) has been busy this year. They published the California Debt Financing Guide (aka Debt Primer), launched many seminars, workshops and webinars, and convened a successful annual conference on a variety of public finance topics. CDIAC unveiled the first on-demand training module geared toward elected officials, called the "What You Need to Know Before Issuing Debt."

Often, elected officials do not have a public finance or governmental accounting background so they find themselves dependent on their advisors, lawyers, bankers, consultants and other staff to guide critical financing decisions. Eventually the complete 10 module series will provide a way for elected officials to confidently and actively engage in the decision-making regarding the issuance and administration of debt.

My mother suffered from depression all of her life. All over California, people suffering from devastating mental health problems are now getting the care they need because our counties have wisely invested funds from the Mental Health Wellness Act (authored by former Senate President Pro Tempore and current Sacramento Mayor Darrell Steinberg). During the past five years, counties have added 110 mobile crisis support teams, 402 crisis stabilization and crisis residential treatment beds, and six peer respite care beds in a supportive environment. In the next two and a half years another 365 beds will become available thanks to grants awarded each year by the California Health Facilities Financing Authority (CHFFA), another BCA under my office. These grants will reduce the costs associated with expensive inpatient and emergency room visits, while maintaining high quality, patient-centered care for individuals with mental health disorders.

This past year, I have embarked on a tour of the 13 children's hospitals that receive funding through The Children's Hospital Bond Acts, getting a chance to see first-hand how these funds have translated into better care for our children, The Acts, passed by California voters in 2004 and 2008, enabled the state to issue a cumulative $1.73 billion in general obligation bonds to fund construction, expansion, remodeling, renovation, furnishing, and equipment costs. In 2018, voters passed Proposition 4 (the Children's Hospital Bond Act of 2018) that enables the state to issue another $1.5 billion for these 13 eligible children's hospitals, plus public or private nonprofit hospitals that provide pediatric services for children eligible for California Children's Services. These funds are administered by the California Health Facilities Financing Authority (CHFFA).

The California School Finance Authority (CSFA) was created in 1985 to finance educational facilities and provide school districts and community college districts access to working capital. Since its inception, the CSFA has developed a number of school facilities financing programs, primarily focused on assisting school districts and non-profit borrowers in meeting their working capital and facility needs. Governor Newsom wants to provide no-cost preschool for every four-year old. To assist with the Governor's goal, we authored a bill to expand our scope to include funding of pre-schools. Although our bill did not make it to the Governor's desk, we will continue to work with stakeholders on this important issue.

As a voting member of the two largest pension funds in the nation, I and other members of CalPERS and CalSTRS formed Trustees United to defend the integrity of jobs by taking a stand against sexual harassment, assault, and misconduct in the workplace. Our coalition is asking investors to adopt four principles, and to follow California's lead by eliminating non-disclosure agreements in claims of sexual assault, harassment or discrimination based on sex.

To conclude, I want to pay tribute to my mother, who was a loving and kind soul who left us in July 2018. For 30 years, her income was approximately $34,300, consisting of her New York State teacher's pension of $18,337 and social security income of $16,000. Teachers and caregivers deserve to be paid better! As a voting member of CalPERS and CalSTRS, I'm happy to report that both pension funds are close to meeting their 7 percent rate of return. This is great news for our retirees who depend on their social security check and pensions to live as independently as possible.

Please **sign up** for our State Treasurer's **newsletter**, check out our **website** for all the programs mentioned, and more, and follow me on social media (**Twitter**, **Instagram**, **Facebook**, and **LinkedIn**) to see why I #LoveMyJob.

We appreciate your feedback and please do not hesitate to contact me/us if we can be of assistance. Please send emails to **AskFiona@treasurer.ca.gov** or letters to California State Treasurer Fiona Ma Post Office Box 942809, Sacramento, CA 94209-0001.

Thank you again for all you do and happy holidays!

In Peace and Friendship,

Fiona