

# REPORT OF THE CHIEF LEGISLATIVE ANALYST

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DATE: February 13, 2019

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso  Council File No: 19-0002-S27  
Chief Legislative Analyst Assignment No: 19-01-0132

SUBJECT: State Budget Proposal Investment to Support First 5 California

CLA RECOMMENDATION: Adopt Resolution (Ryu-Buscaino-Harris-Dawson-Martinez-O'Farrell-Rodriguez-Wesson) to include in the City's 2019-2020 State Legislative Program SUPPORT for the Governor's Fiscal Year 2019-20 Budget proposal to provide a one-time General Fund investment of \$50 million to support and implement pilot projects and partnerships with First 5 California, local First 5 Commissioners, local government, and philanthropy to increase access to Children's Savings Account programs among incoming kindergarteners.

## SUMMARY

On February 8, 2019, the Resolution (Ryu-Buscaino-Harris-Dawson-Martinez-O'Farrell-Rodriguez-Wesson) was introduced in support of the Governor's Fiscal Year 2019-20 Budget proposal to provide a one-time General Fund investment of \$50 million to support and implement pilot projects and partnerships with First 5 California. The Resolution states that the City of Los Angeles is exploring a variety of higher education policies with the goal in mind to create opportunity for future generations, and to ensure all children have the resources and ability to be competitive in today's and tomorrow's economy. The Resolution also states that the Governor's 2019-20 Proposed Budget provides a one-time investment of \$50 million to support pilot projects and partnerships with First 5 California, local First 5 Commissioners, local government entities, and philanthropy to increase access to Children's Savings Accounts among incoming kindergartners. Such savings accounts could pay for post-secondary education expenses, such as tuition, room and board, books and equipment, and mandatory fees.

The Resolution recommends support for the Governor's Fiscal Year 2019-20 Budget proposal to provide a one-time General Fund investment of \$50 million to support and implement pilot projects and partnerships with First 5 California, local First 5 Commissioners, local government, and philanthropy to increase access to Children's Savings Account programs among incoming kindergarteners.

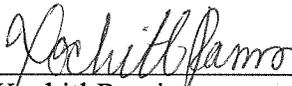
## BACKGROUND

On January 10, 2019, Governor Newsom submitted his Fiscal Year 2019-20 Budget proposal to the legislature. His proposed budget recognizes that the first five years of a child's life are the foundation for the child's future. The budget proposes a comprehensive package that invests in helping more children get the healthy start that prepares them and their families for the years ahead.

One way is by easing the financial burden on parents by expanding access to Child Savings Accounts for kindergartners so their families can build assets and save for their education.

The Governor's proposed budget includes a one-time General Fund investment of \$50 million to support and implement pilot projects and partnerships with First 5 California, local First 5 Commissioners, local government, and philanthropy to increase access to Children's Savings Account programs among incoming kindergartners. Child Savings Accounts are long-term, asset-building accounts for children that are most commonly used for postsecondary expenses. The accounts are typically opened with an initial contribution from a sponsoring organization such as a government agency, nonprofit, or philanthropic foundation that grows through a combination of program-provided incentives and contributions from family, friends, and eventually, the children themselves.

The City has previously explored a variety of higher education policies with the goal to create opportunity for future generations, and to ensure all children have the resources and ability to be competitive. Pursuant to CF 16-0703-S1, CF 16-0703-S2, and CF 16-0703-S3 the Council has taken action in assisting with the development and implementation of the Children's Savings Account Program for the Los Angeles Unified School District.

  
Xochitl Ramirez  
Analyst

SMT:xr

Attachment: 1. Resolution

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal government body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, according to the Brookings Institution, a child born into the lowest socio-economic quintile without a college degree has a 45 percent chance of remaining in that quintile; while a child born into the lowest quintile who does earn a college degree has only a 16 percent chance of remaining in that socio-economic bracket; and

WHEREAS, over the last half-century, policies that have increased access to higher education, from the GI Bill to student aid, have not only lifted millions out of poverty, but have also boosted productivity, innovation, and economic growth; and

WHEREAS, the City of Los Angeles is exploring a variety higher education policies with the goal in mind to create opportunity for future generations, and to ensure all children have the resources and ability to be competitive in today's and tomorrow's economy; and

WHEREAS, on September 30, 2016, the City Council approved a Motion (CF 16-0703) instructing the City Administrative Officer, with the assistance of the Chief Legislative Analyst and the City Attorney, to report on the feasibility of establishing a Children's Savings Account (CSA) program for LAUSD students in the City of Los Angeles; and

WHEREAS, in December 2017, the City Council authorized the Los Angeles Housing and Community Investment Department (HCIDLA) to hire a consultant to provide a comprehensive analysis of the economic benefits, structure, financing, management and any other recommendations for implementing a CSA program for LAUSD students; and

WHEREAS, Prosperity Now is currently providing CSA consulting services to the HCIDLA through funding provided by Councilmember David Ryu's Office; and

WHEREAS, in 2018, the City Council instructed the HCIDLA, with the assistance of Prosperity Now, to provide an outline that includes CSA program details, including: account type, seed amount, participant eligibility requirements, account structure, account custodianship, account accessibility, incentive structure and program implementation, which is currently pending before the City's Health, Education, Neighborhoods, Parks, Arts and River Committee; and

WHEREAS, the Governor's 2019-20 Proposed Budget provides a one-time investment of \$50 million to support pilot projects and partnerships with First 5 California, local First 5 Commissioners, local government entities, and philanthropy to increase access to CSAs among incoming kindergartners, where such savings could pay for post-secondary education expenses, such as tuition, room and board, books and equipment, and mandatory fees.

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NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby include in its 2019-2020 State Legislative Program SUPPORT for the Governor's Fiscal Year 2019-20 Budget proposal to provide a one-time General Fund investment of \$50 million to support and implement pilot projects and partnerships with First 5 California, local First 5 Commissioners, local government, and philanthropy to increase access to Children's Savings Account programs among incoming kindergarteners.

PRESENTED BY: \_\_\_\_\_  
DAVID E. RYU  
Councilmember, 4th District

SECONDED BY: \_\_\_\_\_