

Legislative Wrap-up for 2015 and Forecast for 2016

Monterey County Education
Leadership Summit
November 18, 2015

Overview

What happened in 2015 and what should we expect in 2016?

Policy isn't just about bills:

- Budget Act
- Initiatives
- Bills
- Lawsuits

2015 Budget Act

One of the most favorable California budgets for for K-12 education

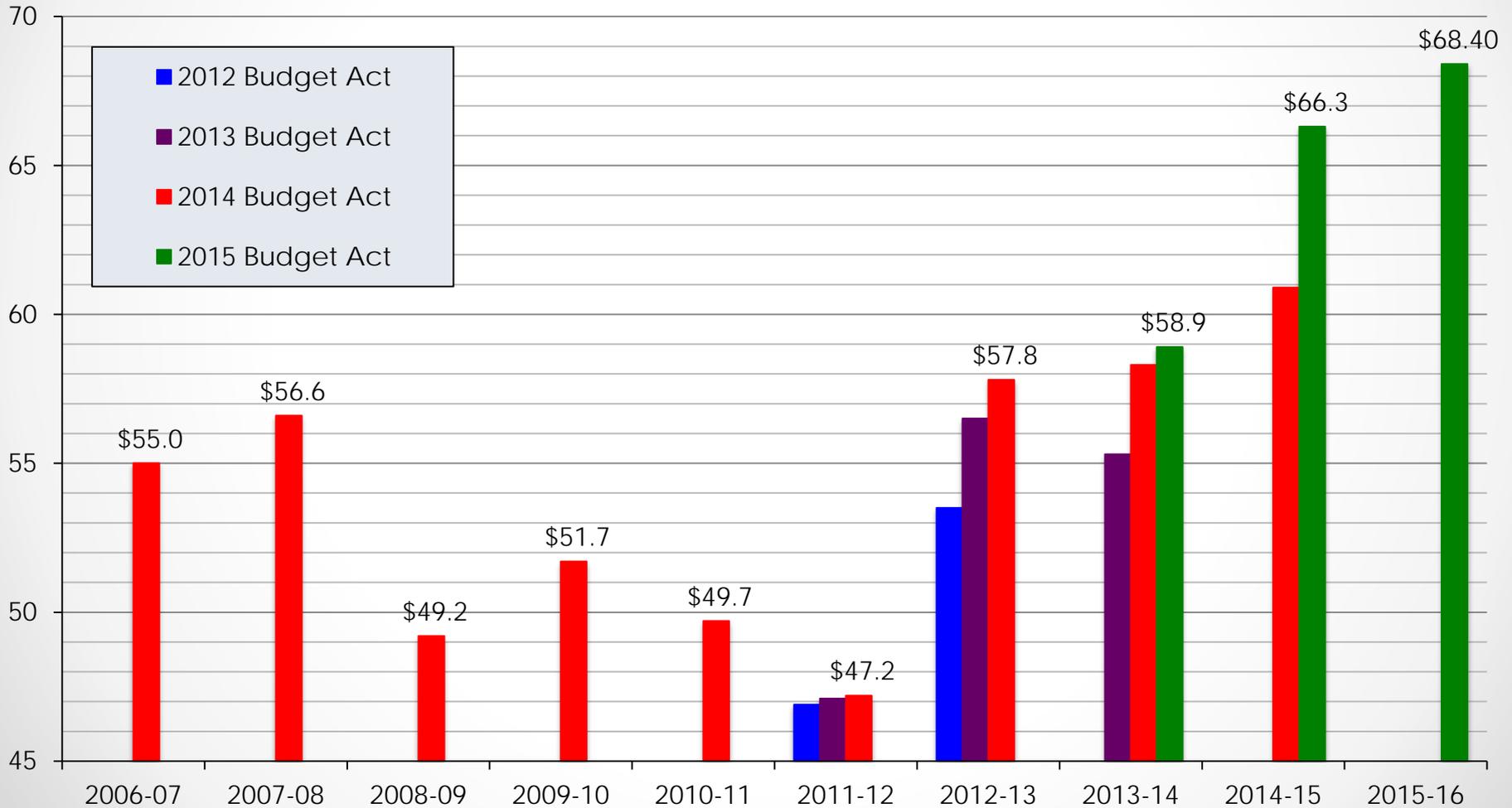
- \$68.4 billion in Prop. 98 spending
- \$7.5 billion increase over 2014 Budget Act
- Adjustments to 2014 Prop. 98 guarantee provide significant additional one-time spending

But remember, each district treated differently under LCFF and some get less than others



Prop. 98 Changes Over Time

in billions of dollars



Major K-12 Spending in 2015 Budget

- **\$6 billion** increase for LCFF
- **\$3.2 billion** one-time discretionary funding
- **\$897 million** to eliminate outstanding K-12 deferrals
- **\$500 million** one-time for Educator Support
- **\$500 million** one-time for Adult Education Block Grant

Why Did We Do So Well in 2015?

- Economic growth and Prop. 30 (2012) revenues drove GF revenue projections up to at least \$115.3 billion
- Most of the revenue growth went to Prop. 98. Why?
 - Approx. 39% of GF is appropriated to K-12 under Prop. 98 “test” calculation, plus
 - The formula directs most new revenue to schools until the outstanding “maintenance factor” obligation is paid (\$5.4 billion paid in 2015; only \$772 million remaining), plus
 - “Settle-up” funding paid to meet the minimum guarantee for prior years (\$666 million paid in 2015; \$1.25 billion remaining)

How will we do in 2016?

- Revenues continue to look good – actual revenues for first four months of FY 2015–16 exceed DOF projections by \$870 million
 - If this trend continues, 2015-16 revenues will be about \$2.5 billion above the revenue estimate used in the 2015 Budget Act
- Significant on-going GF spending increases plus additional one-time spending are likely
- However, don't expect the same level of year-to-year increase in Prop 98
 - Year-to-year revenue growth in GF will slow down
 - Maintenance factor is mostly paid off, so K-12 won't get nearly all of the overall revenue growth

What to expect next for K-12 funding?

- More modest increases for LCFF
 - DOF projects \$2.3 billion for 2016–17 LCFF implementation
- Another chunk of one-time funding, but less than this year
- Much less certainty for growth after 2016–17

Legislation by Initiative - 2016

Ballot Measures

The ballot will almost certainly be a mess

- Over 90 measures cleared for circulation or pending at AG's Office
- At least five different tax measures, 10 measures dealing with marijuana legalization, minimum wage, death penalty reform, etc.

Proposition 30 extension likely to be the most critical component for continued investment in K-12 education

- CTA measure
- CHA/SEIU-UHW measure

School Facilities Bond – already qualified



Prop. 30 Extension

CTA – “School Funding and Budget Stability Act of 2016”

- Extends (and slightly increases) Prop. 30 tax rates for high-income earners until 2030
- Does not extend sales tax increase
- Revenues accounted for the same way as under Prop. 30 – special account for schools within GF, school funding continues to depend on Prop. 98 guarantee

CHA/SEIU-UHW – “Invest in California’s Children Act”

- Permanent extension and increase of Prop. 30 tax rates for high-income earners (including the creation of new tax brackets)
- Revenues go into special funds, not the GF
- 50% to education, 40% health care, 10% child care

Which is better? Which likely to pass?



School Bond

- Despite broad legislative support, Governor not ready to support a school bond measure
 - Opposes continuation of existing school facilities program
- CTA traditionally supportive of school bonds, but
 - First priority is Prop. 30 extension
 - Opposes placing school bond on November 2016 ballot
- CBIA and CASH have qualified a measure for November 2016
 - Modeled on existing SFP; broad support from stakeholders and history of success, but Governor specifically opposed to existing program
 - \$9 billion K-14 bond, \$7 billion K-12, and \$2 billion community colleges

Legislation: Curriculum & Instruction

- Suspending the High School Exit Exam
 - **SB 725** addressed the immediate problem of CDE canceling the CAHSEE administration after July 2015. Under SB 725, CAHSEE is not a condition of graduation for students completing grade 12 in 2015.
 - **SB 172** suspends CAHSEE through 2017-18. Diplomas must be granted to students who completed grade 12 in 2003–04 or later and met all graduation requirements except passage of CAHSEE.
- “P.E. minutes”
 - **AB 1391** requires that complaints of non-compliance with required P.E. minutes be filed with an LEA under the UCP (not by litigation)
- Sexual health education
 - **AB 329** combines sexual health education and HIV education into a single mandatory program. Parents must now opt-out.
- “Redskins”
 - **AB 30** bans the use of the name for school team names
- College and Career Access Pathways
 - **AB 288** authorizes partnership between school and community college districts

Legislation: Student Services

- Vaccinations
 - **SB 277** eliminates the personal belief exemption for school-age children
 - Effective during 2016–17 school year. But if student has exemption on file prior to January 2016, no proof of vaccination needed until student enters the next grade span (kindergarten or grade 7)
- Foster youth
 - **AB 854** restructures foster youth services and creates new funding/delivery system to align with LCFF
- Bullying
 - **AB 881** clarifies that “bullying by means of electronic act” includes any communication created on or delivered by an electronic device

Legislation: School Finance

- Reserve Cap
 - **SB 799** stalled because the Governor and CTA were not persuaded and K-12 management coalition was fragmented over rumors of “deals”
- Budget Bills
 - Educator Effectiveness Training: \$1,466 per certificated FTE
 - CTE Incentive Grant Program: State funds ramp down as local match increases. Most current ROC/Ps should be able to submit successful applications.
- Honoring John Mockler
 - “John B. Mockler School Finance Act” renames Education Code provisions related to Prop. 98 (**AB 158**)

Legislation: School Facilities

- School bond
 - **SB 114** (Liu) and **AB 1088** (O'Donnell), did not move
- Workforce
 - Workforce hired for lease-leaseback and lease-to-own projects must be "skilled and trained" (journeypersons/apprentices) (**AB 566**). Will phase over four years and apply to all projects that receive >\$1 million in state funding.
- Prevailing wage
 - **AB 219** requires prevailing wage for hauling and delivery of ready-mix concrete
 - Expect further incursions

Legislation: Human Resources

- Teacher Evaluations
 - **SB 499** and **AB 575** held, but expect this issue to return
 - Main concern is extent to which collective bargaining is required for evaluation criteria (as opposed to procedures)
- Retirement Benefits
 - **AB 963** clarifies definition of “creditable service” and holds employees harmless for service reported as creditable prior to Jan 1, 2016
- Employee Benefits and Compensation
 - **AB 304** cleans up statute relating to accrual of sick days
 - **AB 375** requires “differential pay” for certificated employees that take federal parental leave but who have exhausted their sick leave
 - **SB 358** prohibits gender-based wage differential

Legislation:

Governance & Operations

- Superintendent Settlements
 - **AB 215** reduces the maximum cash settlement (upon termination of contract) that a superintendent can receive to ≥ 12 months salary
- Student Residency
 - **AB 306** allows a student to attend school outside of district of residence if parent on active military duty
 - **AB 1101** prohibits residency investigations except pursuant to an adopted policy governing such investigations
- Guns and Schools
 - Few bills made it to the Governor's desk; only one minor bill signed

Legislation: The Rest

- Early Learning

- Lots of attention, but primary action was in the **Budget Act**:
 - Additional 9,500 preschool slots, increased full-day reimbursement rate by 5% with additional 1% for part-day preschool
- **AB 47** vetoed

- Education Technology

- Again, addressed primarily in the **Budget Act**:
 - \$50 million for K-12 High Speed Network
 - \$10 million for K-12 HSN to provide professional development and training related to network management and infrastructure

- Charter Schools

- Only one bill made it to the Governor, **AB 787**, and was vetoed



Lawsuits

Key cases could drive legislative proposals or modify existing interpretations of state and federal statutes

Vergara v. California

- Do CA's teacher tenure and dismissal laws violate students' fundamental right to equality of education?
- Teacher evaluations are implicated in solutions proposed by plaintiffs. See also ***Doe v. Antioch Unified***, alleging districts violated the Stull Act by signing CBAs that prohibit using standardized test data when evaluating teachers.

Friedrichs v. CTA

- Do agency fee arrangements violate the First Amendment?

Peter P. v. Compton

- Is complex trauma a disability requiring training, accommodation?

CSBA v. Cohen

- Does the state budget manipulate Prop. 98 by failing to "rebench"?



CAPITOL ADVISORS
GROUP, LLC

Abe Haleja
abe@capitoladvisors.org