



Excerpts from the 2024 Governor's Budget Workshop

Presented By:
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Governor's Budget Themes

- Governor Gavin Newsom measures a \$37.9 billion budget shortfall, due largely to 2022 tax collections well below the budget's assumptions
- The Governor's Budget proposal protects the education budget against the local impact of a nearly \$12 billion reduction in Proposition 98 resources that, if unmitigated, would undoubtedly harm our students and the cadre of professionals who dedicate their lives to teaching and supporting them
- Proposal attempts to ensure that the education profession remains an attractive career choice by removing obstacles to entry and enabling agencies to provide competitive wages
- Governor's focus is on students whose learning was and continues to be deeply impacted by the COVID-19 pandemic
- The Governor's Budget uses less pessimistic revenue assumptions than the Legislative Analyst's Office (LAO)



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2

State Budget and the Economy

The State Budget and The Economy

- **Headline inflation is down year over year and is expected to decline further through the budget year**
- **Leading economists anticipate a reduction to interest rates later in 2024**
- **The national and state economies are in a slow growth pattern**
- **The Governor projects a \$37.9 billion budget deficit for 2024-25**
- **Budget-balancing measures include drawing down \$13.1 billion in reserves and \$5.7 billion from the Public School System Stabilization Account (PSSSA), along with borrowing, funding reductions in non-Proposition 98 areas, funding delays, deferrals to payroll and University of California/California State University, and tax revenue proposals**
- **A recession is no longer forecasted in 2024 or 2025 by most economists, but there are notable risks to the State Budget**

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U.S. Economic Outlook and UCLA Anderson December Forecast

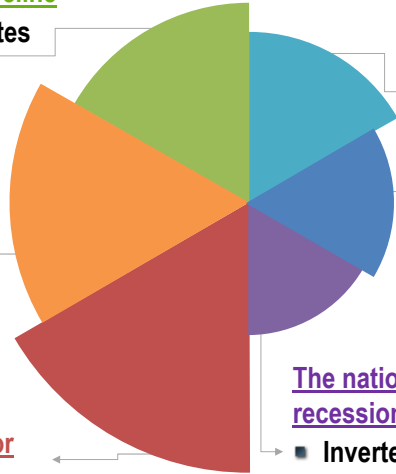
Inflation is predicted to continue its decline

- UCLA Anderson (Forecast) anticipates headline inflation to fall to 2.7%

Slow economic growth

- The Forecast projected three quarters of 1.0% growth in 2024, increasing to 2.5% by 2025
- A slow growth economy is especially vulnerable to risk

A recession is no longer forecasted for the near future



Interest rate cuts are projected as early as 2024

- The Forecast predicts the federal funds rate will be 4.8% by 2025

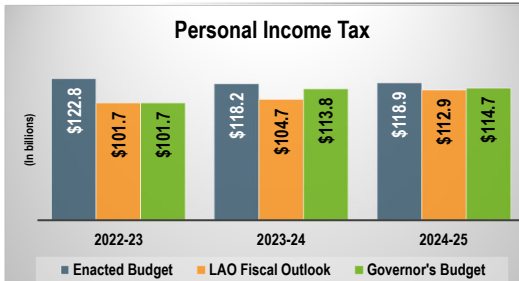
U.S. employment and income are predicted to remain strong

- The Forecast projects stable U.S. unemployment rates through 2025

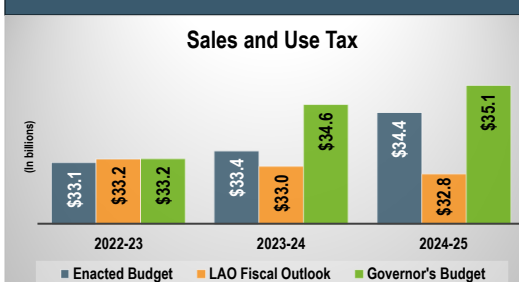
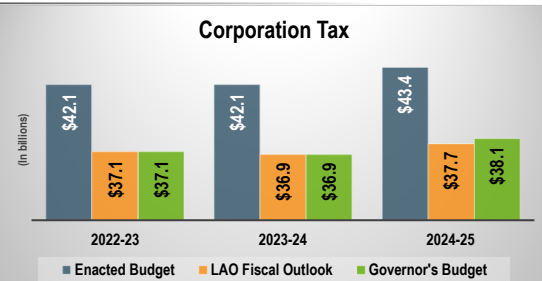
The national economy is defying historical recession indicators

- Inverted yield curve
- Annual inflation falling from above 5.0% to below 3.0%

Big Three Taxes—Governor's Budget vs. LAO's Outlook



Personal income tax (PIT) and corporation tax revenue projections are significantly lower at Governor's Budget than Enacted Budget



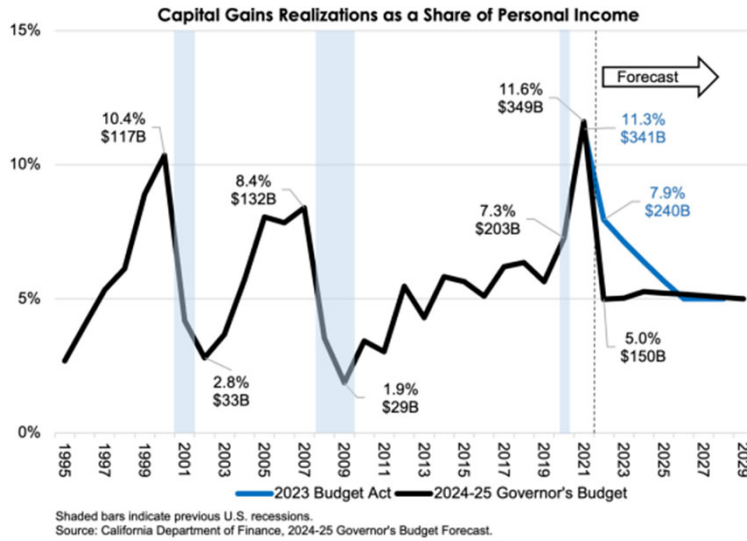
Compared to the LAO's *California's Fiscal Outlook (Outlook)*, the Governor's Budget projections for:

- PIT is \$9.1 billion and \$1.8 billion higher in 2023-24 and 2024-25, respectively
- Corporation tax is slightly higher
- Sales and use tax is higher than both LAO and 2023-24 Enacted Budget projections

Source: 2024-25 Governor's Budget Summary and LAO's *Outlook*

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Capital Gains Realizations as a Share of Personal Income



Source: 2024-25 Governor's Budget Summary

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7

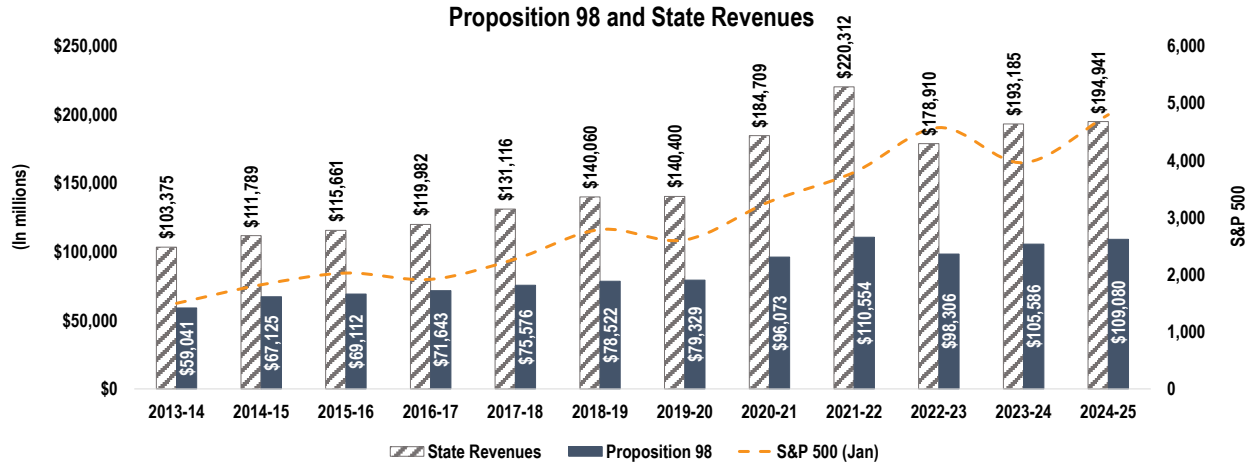
Budget Proposals and Local Considerations

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Proposition 98 Over Time

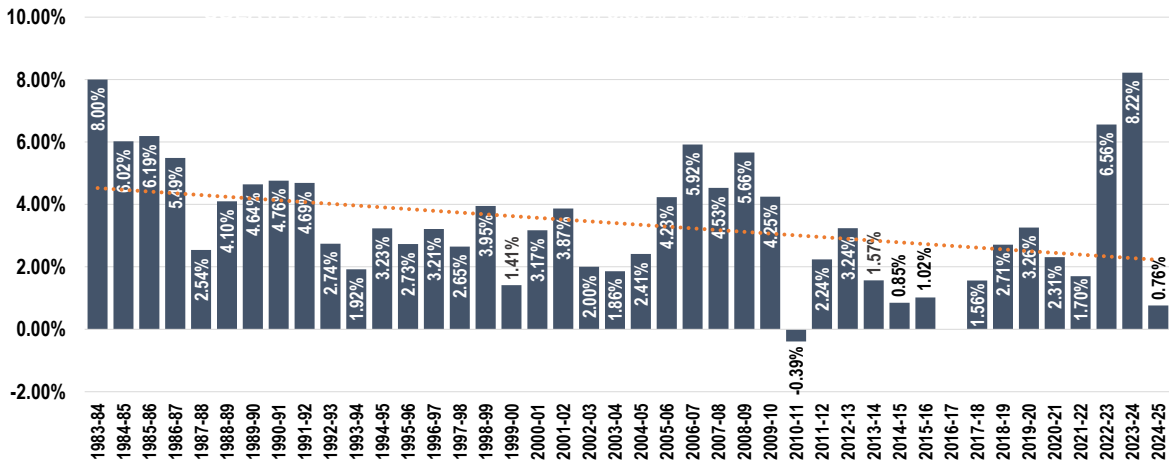
- As we have noted before, General Fund revenues rely heavily on California's top earners
- Even with the downward adjustments, Proposition 98 continues an upward overall trend



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Historical Statutory Cost-of-Living Adjustments (COLAs)

- The statutory COLA for 2024-25 feels anomalous relative to the last two years, but when looking back, COLA is beginning to normalize to historical trends—COLAs above 6% are the anomalies

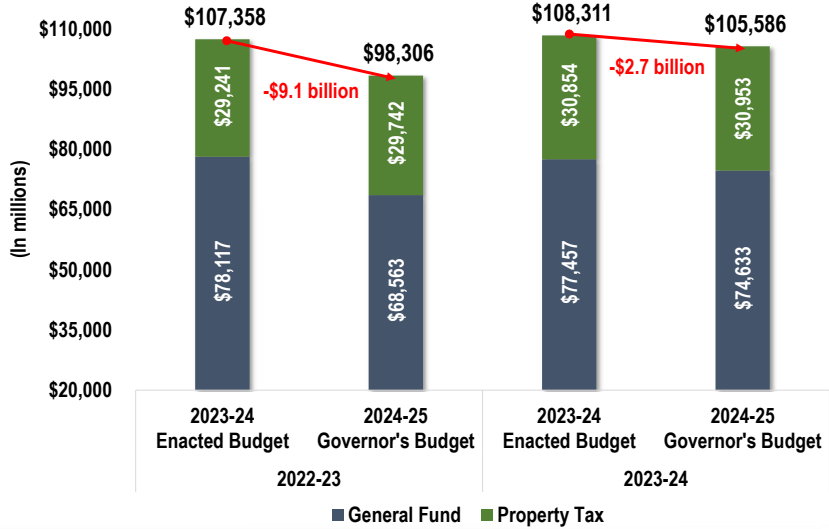


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Proposition 98—2022-23 and 2023-24

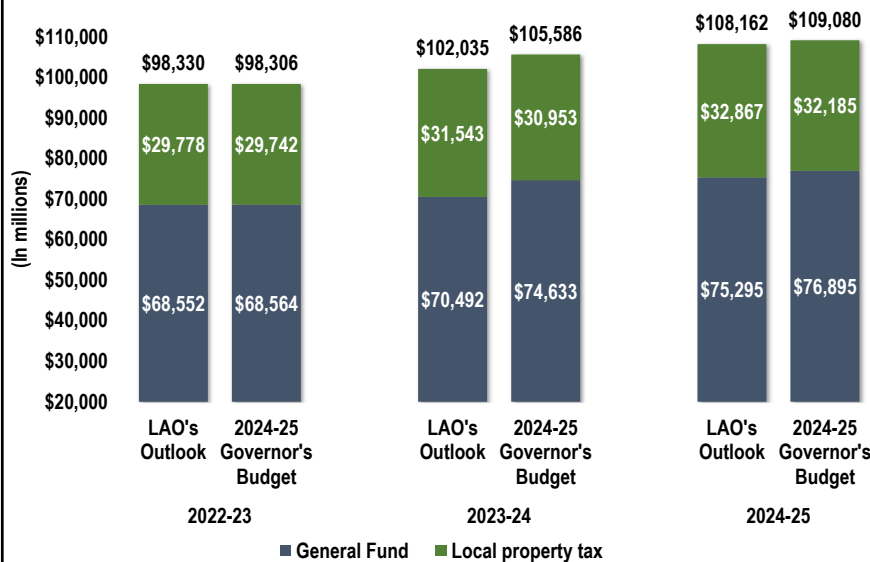
- The Governor's Budget adjusts the prior- and current-year Proposition 98 levels from 2023-24 Enacted Budget levels
 - 2022-23: -8.4%
 - 2023-24: -2.5%
- The sole driver of the change is less-than-expected state General Fund revenues
 - Local property tax assumptions are relatively unchanged



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11

Proposition 98—Governor's Budget vs. LAO's Outlook



- There is a \$4.5 billion difference in the minimum guarantee between the LAO's Outlook and the Governor's Budget for the current and budget year
 - 2023-24: \$3.6 billion
 - 2024-25: \$0.9 billion
- Again, the driver is a \$15.3 billion difference in state General Fund revenue assumptions
 - The LAO assumes modestly higher local property taxes

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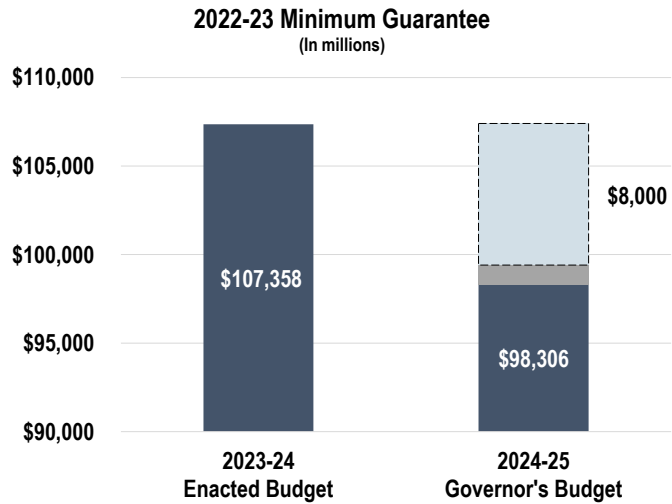
12

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Proposition 98—Allocating Above the 2022-23 Minimum Guarantee

- The treatment of the significant drop in Proposition 98 in 2022-23 is critical
 - Left unaddressed, it can create an increased state obligation in the future
 - But an unmitigated cut in funding for a year that's already over would be untenable (if not impossible) for local educational agencies (LEAs)

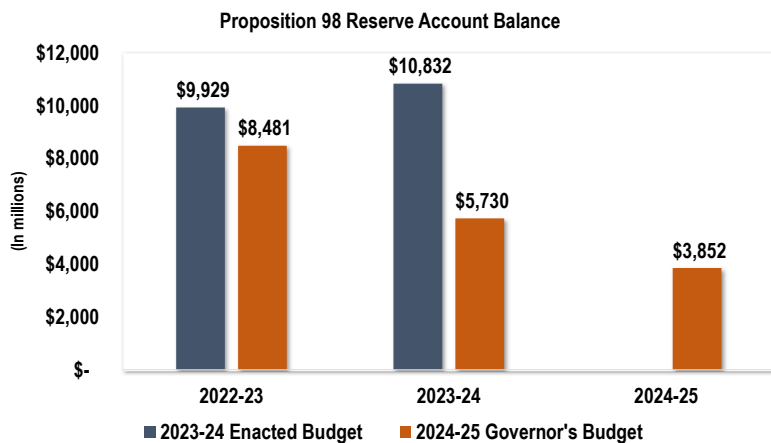
The Governor's Budget proposal enables LEAs to retain the additional funding in 2022-23 with the intention of accounting for it in the future



Proposition 98 Reserve

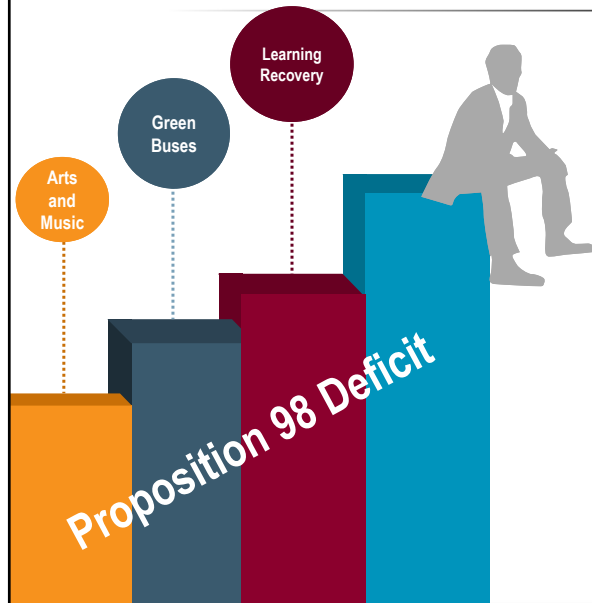
- California's Constitution determines deposits into and withdrawals from the Proposition 98 reserve
- The proposed withdrawals are discretionary and require the declaration of a budget emergency

Fiscal Year	2023-24 Enacted Budget	2024-25 Governor's Budget
Deposits		
2022-23	\$1,787	\$339
2023-24	\$903	\$288
2024-25	-	\$752
Withdrawals		
2022-23	-	-
2023-24	-	\$3,039
2024-25	-	\$2,630



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Proposition 98 Deficit



- While rising costs related to annual increases to local apportionments for K-14 agencies are abating in 2024-25, recall that the state began deficit spending in Proposition 98 in 2023-24
- The Governor's Budget continues the trend of deficit spending to:
 - Address an \$11.8 billion drop in Proposition 98 revenues in 2022-23 and 2023-24
 - Backfill for expired one-time funding used to pay for the 8.22% COLA in 2023-24
 - Pay for program cost increases from a 0.76% COLA in the budget year
 - Address an unexpected deficit in 2022-23 stemming from the costs associated with, in part, a 6.70% COLA augmentation

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15

The Risks to Proposition 98

General Fund Condition

The conditions that create volatility and vulnerabilities for state revenues pose risks for education funding

- Economic shocks
- Wall Street performance

COLA

2024-25 COLA of 0.76% assumes no increases in the costs of goods and services governments buy in the last quarter of 2023 and the first quarter of 2024 (not likely)

If COLA increases by May, it will exacerbate the Proposition 98 deficit



Proposition 98 Deficit

Spending beyond the means of Proposition 98 in the short-term creates risk for the out-years

The minimum guarantee may not be able to grow its way out of the deficit

Key Budget Assumptions

The assumptions that undergird the State Budget and Proposition 98 are critical for stable local planning

If revenues fall or costs rise, it will exacerbate the Proposition 98 problem

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16

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Local Control Funding Formula Overview

- The Governor's Budget once again relies on one-time funding to meet the ongoing obligation to the Local Control Funding Formula (LCFF)
 - Of the proposed \$5.7 billion PSSSA withdrawals across the current and budget year, \$5.0 billion is proposed to be allocated for the purposes of supporting the LCFF

2023-24 Enacted Budget



2023-24

2024-25 Governor's Budget



2023-24



2024-25

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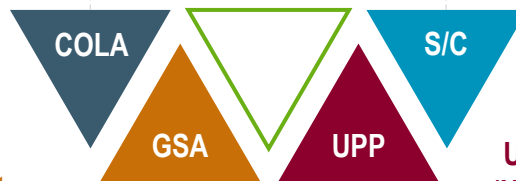
17

2024-25 LCFF Funding Factors

0.76% estimated statutory COLA applied to the base grants and transitional kindergarten (TK) and home-to-school transportation add-ons

Grade span adjustments (GSAs) applied as percentage increases to the base grants

- Grades TK-3—10.4%
- Grades 9-12—2.6%



Supplemental and concentration (S/C) grants calculated based on the UPP

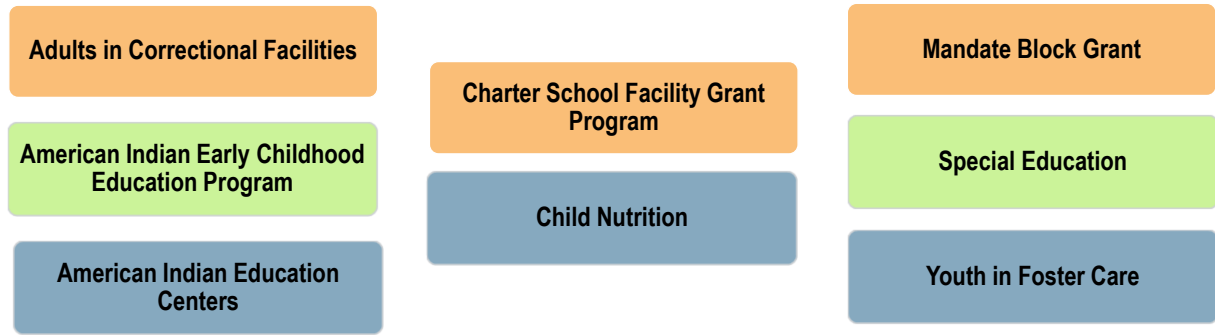
Unduplicated pupil percentage (UPP)—LEA's enrolled students who are English learners, free or reduced-price meal program eligible, or foster youth

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18

State Categorical Programs Receiving COLA

- The Governor’s Budget includes \$65 million to fund the 0.76% COLA for the Equity Multiplier and the following programs:



Equity Multiplier—2024-25 Investment

- The Governor’s Budget maintains the investment introduced as part of the 2023-24 Enacted Budget

**2024-25 investment,
inclusive of 0.76% COLA:
\$302.3 million**

- All other eligibility and allocation provisions remain the same



Eligibility

LEAs, excluding nonclassroom-based charter schools, with schools with a prior-year nonstability rate >25% and a prior-year socioeconomically disadvantaged pupil rate >70%

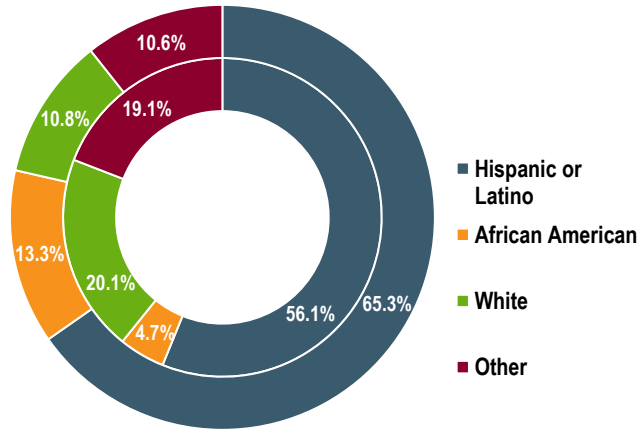
Allocation

Funding allocated per student, using school’s total prior-year adjusted cumulative enrollment

- Minimum of \$50,000 per eligible school

Equity Multiplier—2023-24 Allocation

Ethnic Breakdown of Students in Eligible Schools



Source: Inner ring—2022-23 California Longitudinal Pupil Achievement Data System (CALPADS) enrollment, statewide
Outer ring—2022-23 CALPADS enrollment, Equity Multiplier eligible schools

- Nearly 1,000 eligible schools across more than 400 COEs, school districts, and charter schools
 - Includes 89 schools in 59 school districts that do not receive LCFF concentration grant funds
- Total enrollment across qualifying schools, as of October 2022: approximately 190,000
- Total adjusted cumulative enrollment, 2022-23: almost 280,000
- 2023-24 per pupil estimate: \$1,052.48
 - Funding per pupil will differ in 2024-25 based on the number of eligible schools and students, as well as increased funding due to the 0.76% estimated statutory COLA

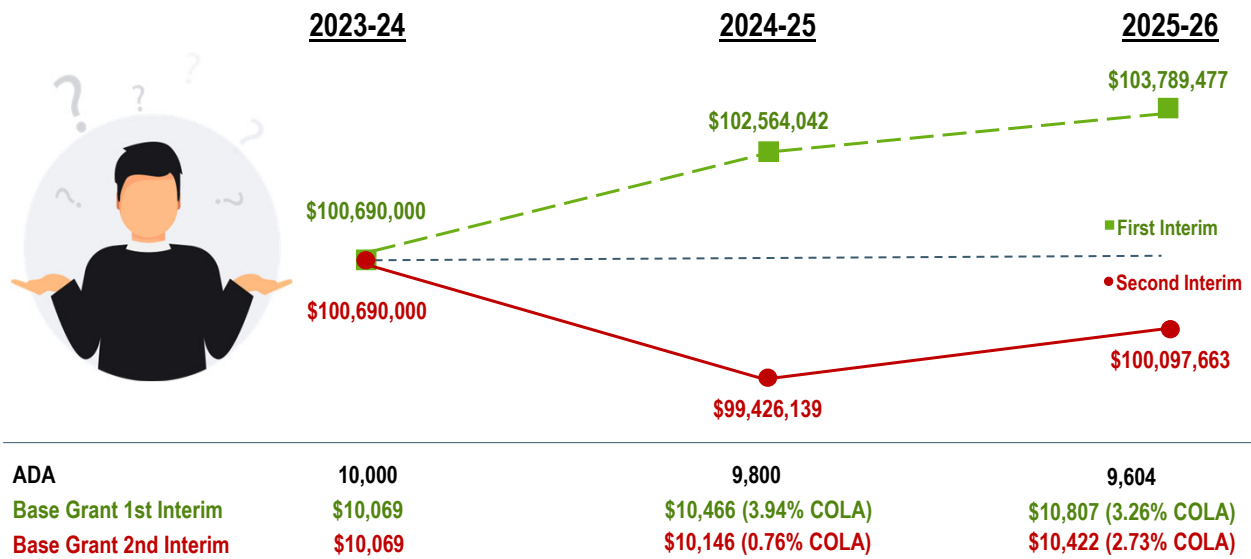
Fluctuating Statutory COLAs From the Department of Finance

- The changing statutory COLA is NOT related to the state’s financial health
 - Rather, the statutory COLA is computed using federally aggregated metrics
- The statutory COLA is a calculated percentage, but the Governor and Legislature must still determine whether there is sufficient money to fund the statutory COLA
- The significant projected decline in 2024-25 is the result of two primary factors:
 - Reversal in price increases that occurred in 2022
 - Revisions to historical data points

	2024-25	2025-26	2026-27
January 2024	0.76%	2.73%	3.11%
June 2023	3.94%	3.29%	3.19%
<i>Percentage Point Decrease</i>	<i>-3.18</i>	<i>-0.56</i>	<i>-0.08</i>

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A Tale of Two Multiyear Projections— LCFF Revenues First Interim to Second Interim



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23

SSC Financial Projection Dashboard

		Planning Factors				
		2023-24	2024-25	2025-26	2026-27	2027-28
DOF ¹ Planning COLA		8.22%	0.76%	2.73%	3.11%	3.17%
California CPI		3.36%	2.83%	2.70%	2.72%	2.72%
CalSTRS ² Employer Rate		19.10%	19.10%	19.10%	19.10%	19.10%
CalPERS ³ Employer Rate		26.68%	27.80%	28.50%	28.90%	30.30%
Unemployment Insurance		0.05%	0.05%	0.05%	0.05%	0.05%
California Lottery	Unrestricted per ADA	\$177.00	\$177.00	\$177.00	\$177.00	\$177.00
	Restricted per ADA	\$72.00	\$72.00	\$72.00	\$72.00	\$72.00
Mandate Block Grant (District) ⁴	Grades K-8 per ADA	\$37.81	\$38.10	\$39.14	\$40.36	\$41.64
	Grades 9-12 per ADA	\$72.84	\$73.39	\$75.39	\$77.73	\$80.19
Mandate Block Grant (Charter)	Grades K-8 per ADA	\$19.85	\$20.00	\$20.55	\$21.19	\$21.86
	Grades 9-12 per ADA	\$55.17	\$55.59	\$57.11	\$58.89	\$60.76

¹Department of Finance ²California State Teachers' Retirement System, ³California Public Employees' Retirement System,

⁴COE Mandate Block Grant: \$38.10 per ADA grades K-8; \$73.39 per ADA grades 9-12; \$1.28 per unit of countywide ADA

The SSC Dashboard is available on SSC's website

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24

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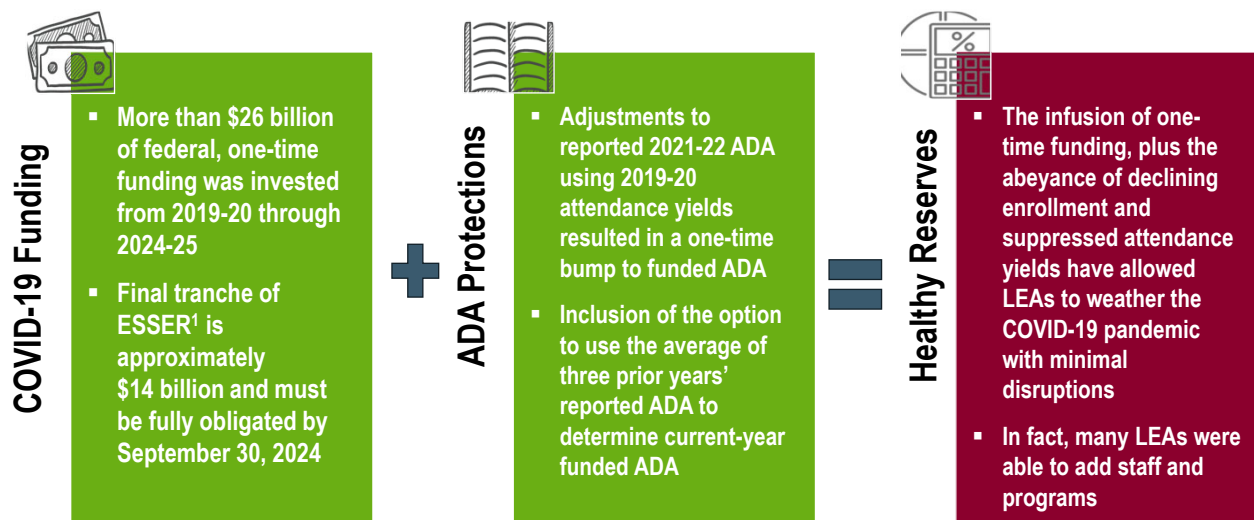
Minimum Wage—Future Forecast

- The minimum wage increased to \$16.00 on January 1, 2024, and SSC projects an increase of about 40¢-50¢ each January thereafter
- Employers should review city or county ordinances to determine if any local minimum wage standards apply

Minimum Wage ¹	Effective Date: >25 Employees	Effective Date: ≤25 Employees	Exempt Minimum Salary (Weekly)	Exempt Minimum Salary (Monthly)	Exempt Minimum Salary (Annually)
\$15.50/hour	January 1, 2023		\$1,240	\$5,373	\$64,480
\$16.00/hour	January 1, 2024		\$1,280	\$5,547	\$66,560
\$16.50/hour	January 1, 2025		\$1,320	\$5,720	\$68,640
\$16.90/hour	January 1, 2026		\$1,352	\$5,859	\$70,304
\$17.30/hour	January 1, 2027		\$1,384	\$5,997	\$71,968
\$17.70/hour	January 1, 2028		\$1,424	\$6,171	\$74,048
\$18.20/hour	January 1, 2029		\$1,464	\$6,344	\$76,128

¹Minimum wage is tied to the U.S. CPI for Urban Wage Earners and Clerical Workers, but is rounded and capped at 50¢ per year

Impact of COVID-19 Protections on MYPs



¹Elementary and Secondary School Emergency Relief Fund

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Impact of COVID-19 Protections on MYPs

- Questions that LEAs should be able to answer heading into 2024-25
 - The answers, or lack thereof, will have a significant impact on an LEA's finances

When do the ADA protections stop providing a financial benefit?

The benefits of the 2021-22 ADA protection will not extend past 2024-25, but the option of using the prior three years' average will continue to be a financial safeguard for some LEAs experiencing declining enrollment

Is the LEA on track to spend the remainder of the federal pandemic dollars?

While managing a shortfall in state revenues, no LEA should be in the position of returning one-time federal dollars

Are the current expenditures of federal pandemic dollars for one-time or ongoing costs?

Many LEAs added staff with the one-time pandemic funds, and now that the funding is expiring, prudent planning should determine the outcome of those services

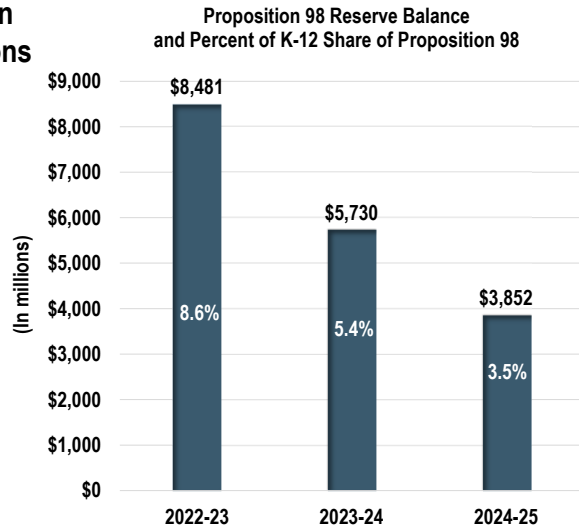
Local Reserve Cap Compliance

EC § 42127.01—In a fiscal year immediately after a fiscal year in which the amount in the PSSSA is equal to or exceeds 3% of the combined total of General Fund revenues appropriated for school districts, a school district budget that is adopted or revised shall not contain a combined assigned or unassigned ending General Fund balance that is in excess of 10%

- Assigned and unassigned balances within the Special Fund for Other than Capital Outlay (Fund 17) must also be included within the 10% reserve cap
- The California Department of Education (CDE) should notify LEAs in March 2024 if the limit on school district reserves will be in effect for 2024-25
- The reserve cap requirement does not apply to small school districts (those with ADA fewer than 2,501 pupils) or basic aid school districts pursuant to EC § 42127.01(c)

Local Reserve Cap

- Law limits local school district reserves to 10% in the subsequent fiscal year when certain conditions are met
- The Governor's Budget reflects:
 - Deposits of \$339 million in 2022-23, \$288 million in 2023-24, and \$752 million in 2024-25
 - Discretionary withdrawals of \$3.0 billion in 2023-24 and \$2.7 billion in 2024-25
 - An account balance of \$5.7 billion in 2023-24 makes the reserve cap operative for 2024-25



School Facilities

California Preschool, Transitional Kindergarten, and Full-Day Kindergarten Facilities Grant Program

- | |
|--|
| 2022-23 Enacted Budget |
| <ul style="list-style-type: none"> ■ Appropriated \$100 million for 2022-23 ■ Legislature "intended" to appropriate \$550 million in 2023-24 |
| 2023-24 Enacted Budget |
| <ul style="list-style-type: none"> ■ Delayed \$550 million appropriation by one year to 2024-25 |
| 2024-25 Governor's Budget |
| <ul style="list-style-type: none"> ■ Proposes delaying \$550 million appropriation by another year to 2025-26 |

School Facility Program

- | |
|---|
| 2022-23 Enacted Budget |
| <ul style="list-style-type: none"> ■ Appropriated \$1.3 billion for 2022-23 ■ Legislature "intended" to appropriate \$2.1 billion in 2023-24 and another \$875 million in 2024-25 |
| 2023-24 Enacted Budget |
| <ul style="list-style-type: none"> ■ Reduced appropriation for 2023-24 to \$2.0 billion ■ Retained Legislature's "intent" to appropriate \$875 million in 2024-25 |
| 2024-25 Governor's Budget |
| <ul style="list-style-type: none"> ■ Proposes reducing appropriation for 2024-25 to \$375 million |

Excerpts from the 2024 Governor's Budget Workshop

Instructional Continuity

The Governor's Budget proposes several instructional continuity measures

Attendance Recovery Time

Allow for Saturday school, intersessional school, and before/after school attendance

- Generates ADA-based funding
- Mitigates chronic absenteeism

Hybrid/Remote Instruction

Encourages LEAs to provide additional hybrid/remote instruction options for students unable to attend school in person

Instruction for Emergencies

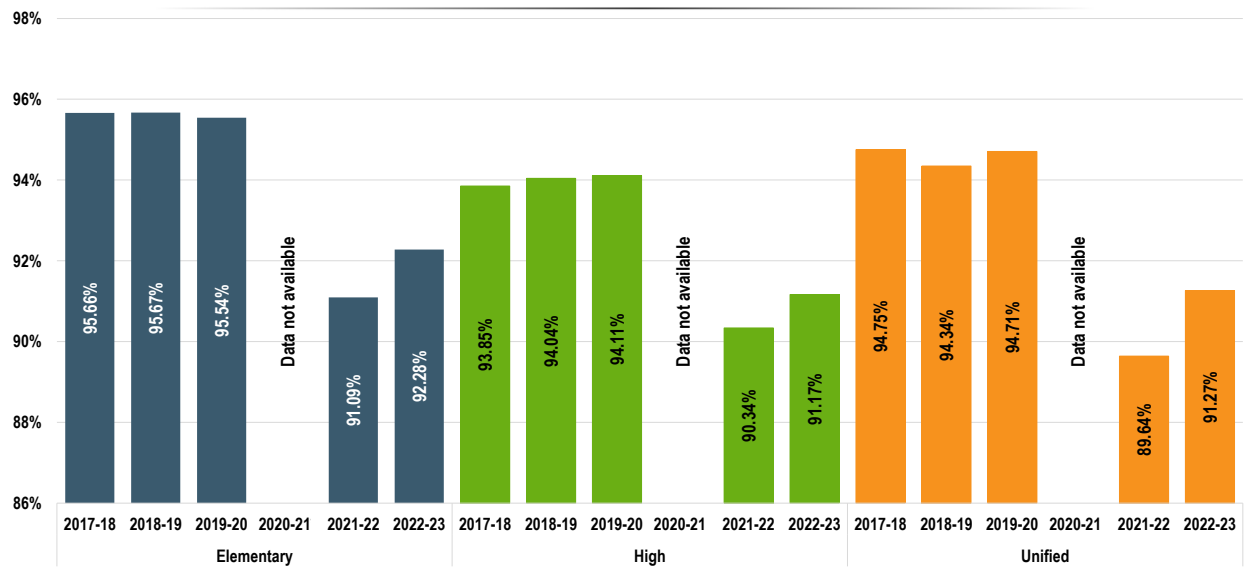
For emergencies lasting longer than 5 days, LEAs would be required to offer

- Remote instruction or
- Support to enroll in a neighboring LEA

The Governor's Budget proposes \$6 million one-time Proposition 98 funding to research and develop models of hybrid learning to support attendance and to develop a methodology for more detailed absence data reporting to the state

Note: Additional details regarding the impact to instructional time, attendance accounting, and compulsory education requirements is expected in trailer bill language

P-2 ADA to Enrollment Trends—2017-18 to 2022-23



Source: Second Principal Apportionment (P-2) ADA and CALPADS

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Expanded Learning Opportunities Program

- There are no cuts, nor a COLA, proposed to the Expanded Learning Opportunities Program (ELO-P) for 2024-25
- And while the 2023-24 Enacted Budget did not include cuts, many LEAs may see a reduction in their total ELO-P amount this year

2022-23 State Investment in ELO-P Was \$4 billion	2023-24 State Investment in ELO-P Remained \$4 billion
<ul style="list-style-type: none"> Rate 1 LEAs: \$2,750 per pupil for LEAs with UPP \geq75%, in accordance with statute Rate 2 LEAs: \$2,054 per pupil for LEAs with UPP <75% Rate 2 determined by first subtracting the total amount for all Rate 1 schools, with remaining amount distributed per the formula to Rate 2 schools 	<ul style="list-style-type: none"> Rate 1 LEAs: \$2,750 per pupil for LEAs with UPP \geq75%, in accordance with statute Rate 2 LEAs: \$1,803 per pupil for LEAs with UPP <75% Rate 2 decreased by \$251.54 from 2022-23 because of a 3.27% statewide increase in classroom-based ADA in grades TK-6 used in the funding calculation, and no increase to the state budget allocation for the program

Per Pupil Amount \times TK-6 ADA (Prior-year classroom-based) \times UPP (Prior-year for LEA) = Total ELO-P Amount

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UPP Trends—2018-19 to 2022-23

2.8%
Average decline over the last five years across LEAs declining in UPP

More than 30 districts are no longer receiving LCFF concentration grants due to this trend

\$261 2024-25 estimated per ADA revenue loss for a high UPP district with a decrease of 2.8%

Half of the districts in the state saw a decline in UPP—representing 43% of the state's ADA

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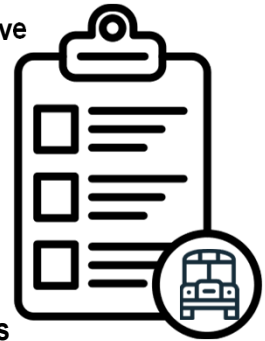
Home-to-School Transportation Funding

- Home-to-school transportation entitlements are calculated as reimbursement for 60% of transportation costs, less the LCFF add-on, which receives the 0.76% COLA
 - If the LCFF add-on exceeds the reimbursement, LEAs will still receive the full LCFF add-on
 - Capital outlay and nonagency expenditures are excluded from reimbursement
- Funding is allocated to school districts and COEs—effective 2023-24, districts in which all schools have been converted to charter schools are not eligible for funding
- Requirements will be audited—an audit finding could result in a disallowance and funding owed to the state
 - Any disallowed funds would be recovered at the next available Principal Apportionment certification



Home-to-School Transportation Plan

- An annually adopted Transportation Service Plan is required in order to receive reimbursement
 - The plan was to be adopted by April 1, 2023, and each year updated by April 1, primarily about the following fiscal/school year
- Plan must:
 - Include priority for planned services for students in grades TK-6 and low-income students
 - Describe how transportation will be accessible to students with disabilities and homeless youth
 - Describe how unduplicated students may access free transportation
 - Be developed in consultation with staff, regional transit authorities, local air pollution control districts, air quality management districts, parents, and students and adopted in an open meeting with opportunity for in-person and remote public comment

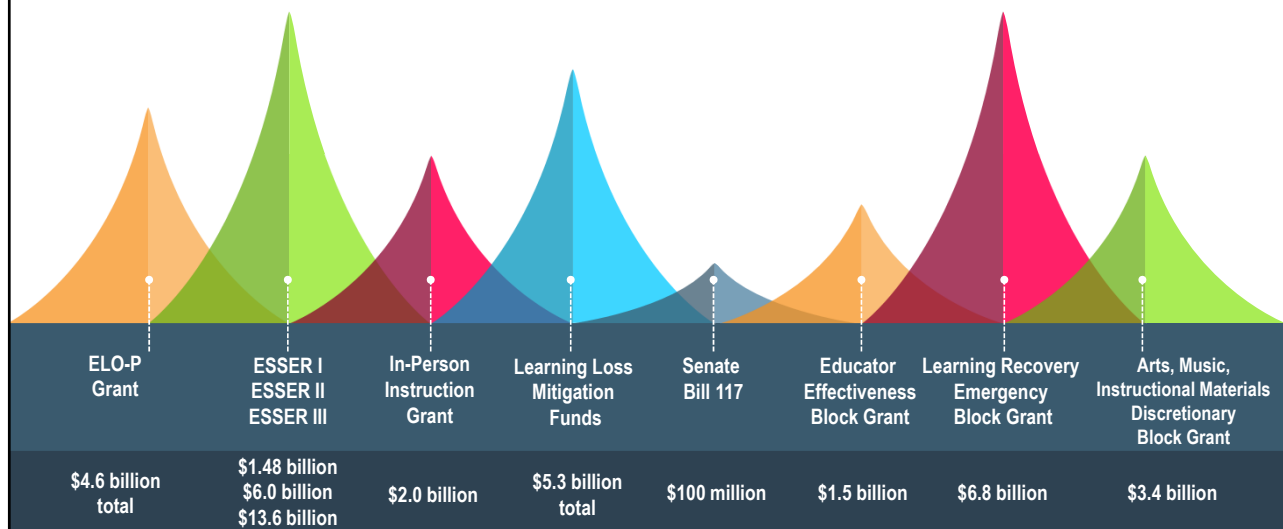


Universal School Meals Program

- In addition to applying the statutory COLA, the Governor proposes an increase of \$122.2 million ongoing to fully fund the universal school meals program in 2024-25
 - The state projects that over 845 million meals will be served in 2024-25
- **Reminder:** LEAs are required to provide breakfast and lunch to students that request a meal, free of charge
- In order to receive reimbursement under the program, your LEA must participate in both the National School Lunch Program and the School Breakfast Program

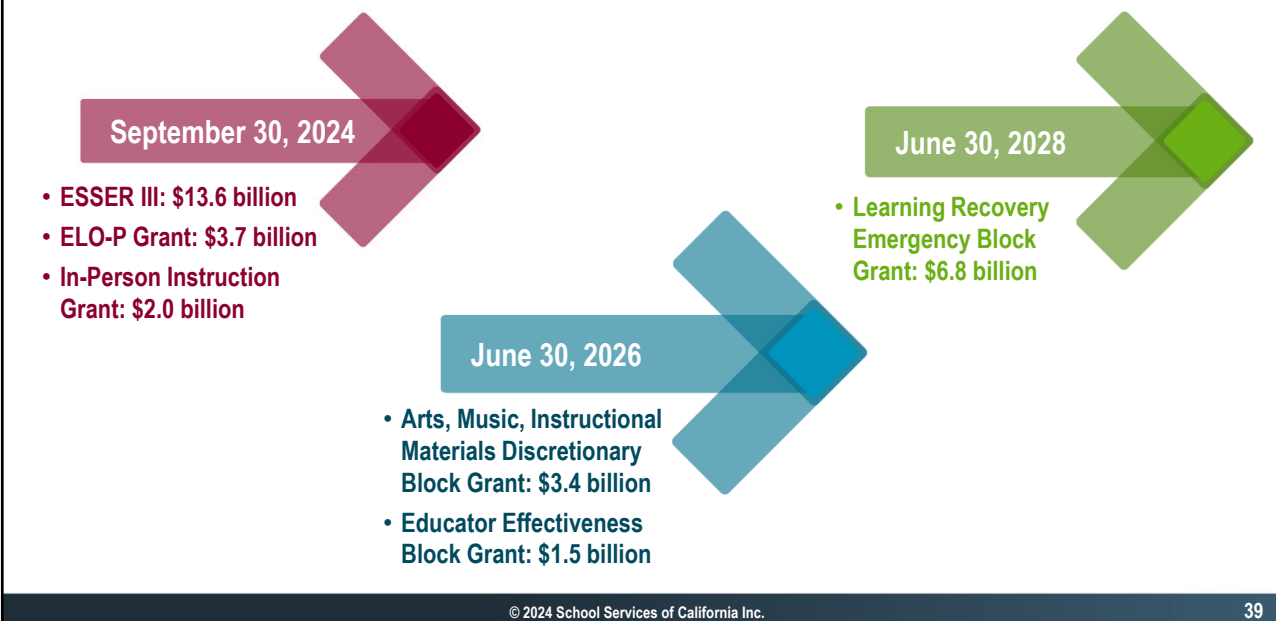


One-Time Funds



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One-Time Funds—Deadlines



Learning Recovery Emergency Block Grant

- No cuts are proposed to the Learning Recovery Emergency Block Grant

Amendments

However, the Governor suggests that the use of any remaining funds will focus on students most impacted by learning loss

Educational Partner Feedback

A needs assessment and the development process used for the LCAP will guide how unspent funds are used

Clarity

Trailer bill language should have more detail

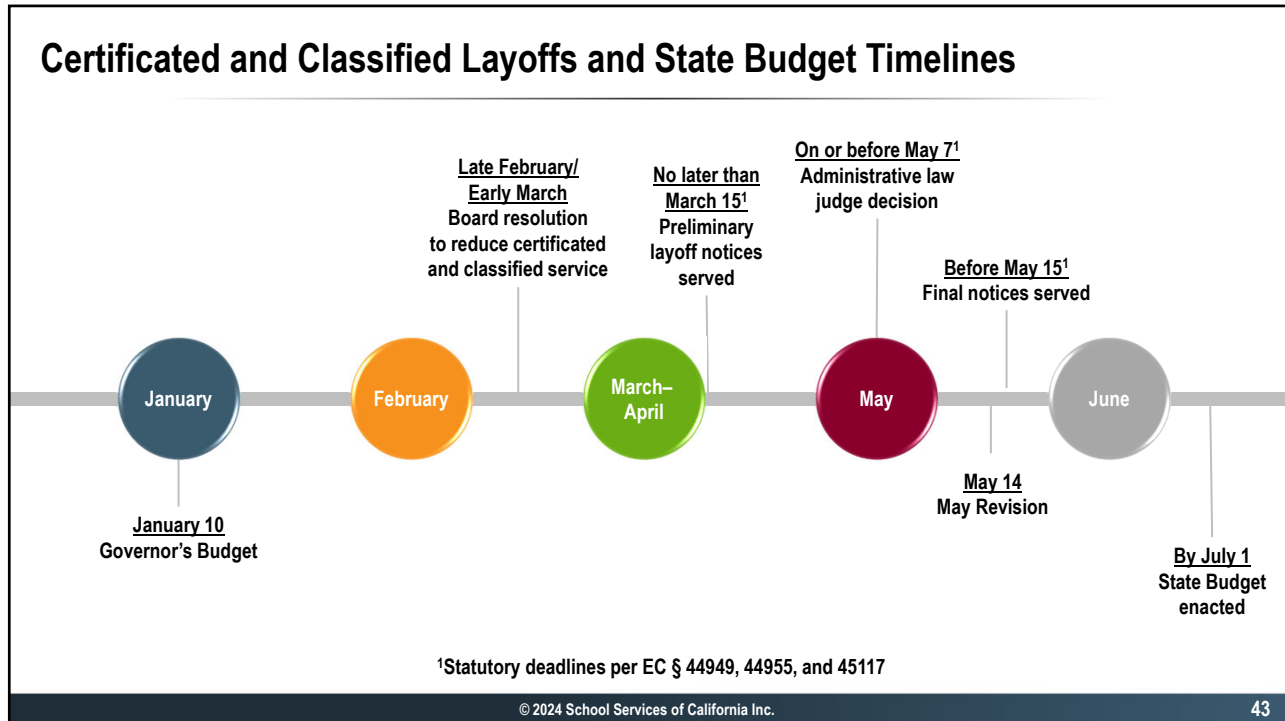
Employment Considerations

Evaluating the Need for March 15 Notices

- LEAs that provided compensation increases and hired staff with temporary funding either need to identify ongoing funding and/or prepare for reductions effective in 2024-25
 - Especially in LEAs with declining enrollment
- Can current staff be reassigned to help alleviate the staffing shortage affecting the LEA?
- Identify attrition and retirement trends
 - “Intent to Return” forms and incentivizing early notices of retirement may decrease the number of March 15 notices to be distributed

Increased student needs and operational demands drove staffing levels during the pandemic

Excerpts from the 2024 Governor's Budget Workshop



Newly Enacted Employment Legislation—School Employees

Certificated Employee Training	School Related Transportation	Occupational Safety
<p>AB 5 (Zbur, Statutes 2023) The Safe and Supportive Schools Act</p> <ul style="list-style-type: none"> Beginning with the 2025-26 school year, requires all certificated employees that serve students in grades 7-12 to receive at least one hour of training annually on LGBTQ+ cultural competency By July 1, 2025, the CDE must develop an online delivery platform and curriculum LEAs required to provide training during paid time and maintain records 	<p>SB¹ 88 (Skinner, Statutes 2023) Pupil Transportation: Driver Qualifications</p> <ul style="list-style-type: none"> Starting July 1, 2025, establishes new requirements for drivers who provide school-related transportation services for compensation Applies to all drivers who are compensated to drive students (LEA employees, contractors, or contracted by any entity with LEA funding) Does not apply to LEA employees when transportation is for school activity that doesn't exceed 40 hours per school year ¹Senate Bill 	<p>SB 553 (Cortese, Statutes 2023) Workplace Violence: Restraining Orders and Workplace Violence Prevention Plan</p> <ul style="list-style-type: none"> Starting July 1, 2024, requires employers to implement and maintain an effective workplace violence prevention plan (WVPP) that includes requirements to maintain incident logs and provide specified trainings Employers must provide initial training when the WVPP is first established and annually thereafter Beginning January 1, 2025, authorizes a union representative to seek a temporary restraining order on behalf of the employee(s)

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Newly Enacted Employment Legislation—School Employees

Classified Compulsory Leaves

AB 472 (Wicks, Statutes of 2023) Compulsory Leaves of Absence: Compensation

- In a school or a community college district, if a classified employee returns to service after a period of involuntary leave of absence following a finding in favor of the employee, then the district must pay the employee their full compensation for the period of involuntary leave
- These provisions must not reduce any entitlement to paid leave

School Nurse Hiring Options

AB 1722 (Dahle, Statutes of 2023) Pupil Health: Credentialed School Nurses

- Allows, until January 1, 2029, an LEA to hire a licensed vocational nurse who is supervised by a credentialed school nurse if a diligent search has been conducted for a suitable credentialed school nurse
- LEA must seek approval from governing board prior to hiring and must document that a diligent search for a credentialed nurse has been conducted

School District Governing Boards

SB 494 (Newman, Statutes of 2023) School District Superintendents and Assistant Superintendents: Termination

- Prohibits the governing board from taking action to terminate a superintendent or assistant superintendent without cause at a special or emergency meeting of the governing board
- This prohibition is also active within 30 days of a board first convening after an election in which at least one member has been elected or recalled

Employment Legislation—New Employee Leave Laws

The new year brings two new employee leave laws, effective January 1, 2024

SB 616 (Gonzalez, Statutes of 2023)

- Increases the amount of minimum paid sick leave currently afforded to employees under existing law from three to five days
- **Significant revision:** employee is entitled to no less than 40 hours of accrued sick leave or paid time off by the 200th calendar day of employment or each calendar year, or in each 12-month period



SB 848 (Rubio, Statutes of 2023)

- Provides up to five days of reproductive loss leave for employees who experience a reproductive loss event
- Defines “reproductive loss event” as a failed adoption, failed surrogacy, miscarriage, stillbirth, or an unsuccessful assisted reproduction
- Leave may be unpaid, but employee may use accrued leave
- Employees are eligible after 30 days of employment

The Road Ahead

The Budget and Election Year Politics

- In addition to the presidential election, all 80 Assembly seats and half the 40 Senate seats are on the ballot
- Legislators will do their best to protect their voting constituencies against the effects of a negative budget

Due to term limits, experienced legislative budget negotiators Anthony Rendon and Toni Atkins (D-San Diego) are out—replaced by Speaker Robert Rivas (D-Salinas) and incoming Senate President pro Tempore Mike McGuire (D-Healdsburg)



CALIFORNIA STATE CAPITOL
SACRAMENTO

Assembly Budget Committee chairs are also new

- Assemblymember Jesse Gabriel (D-Encino) replaces Assemblymember Phil Ting (D-San Francisco) as chair of the Assembly Budget Committee
- Assemblymember David Alvarez (D-San Diego) has been tapped to replace Assemblymember Kevin McCarty (D-Sacramento) as the chair of the Assembly Budget Subcommittee No. 3 on Education Finance

The Budget and Election Year Politics

- Senator McGuire will succeed Senator Atkins as Senate President pro Tempore on February 5, 2024
- Atkins will leave the Legislature at the end of 2024 due to term limits and she did not want to remain the Senate leader during her final year
- McGuire, whose district sprawls from the Oregon border to the Golden Gate Bridge, will be the first Senate leader from Northern California in nearly a decade



We expect McGuire to make changes to committee chair assignments once he assumes the post; however, no changes have been announced

McGuire's term as the Senate leader will be short-lived as he will be termed out of office at the end of the 2026 legislative year

The Road Ahead

- Despite a multibillion-dollar budget deficit, the Governor is calling for limited early action on issue areas not affecting education
- The next steps in the process are controlled by the Legislature, which has the responsibility to vet the Governor's proposals during budget hearings over the next several weeks and months
 - This process coincides with the release of further details on the Governor's Budget proposals, included in trailer bill language, which is usually released at the beginning of February
 - The LAO and public also get to weigh in with their feedback and counterproposals
 - This process prepares legislators to respond quickly after the next official State Budget checkpoint—the May Revision





Thank You!

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