

ITEM 7
LEGISLATIVE UPDATE
2015 LEGISLATION

Commission staff continues to monitor for legislation that might affect the mandates process. AB 575 and AB 731 were introduced on February 24 and February 25 respectively. It does not appear that either of these bills will affect the Commission or the mandate determination process itself, but both include language to amend Government Code section 17581.6, the education block grant.

AB 575 - Teachers: best practices teacher evaluation system.

Introduced by Assembly member O'Donnell on February 24, 2015, and referred to the Committee on Education on March 9, 2015, AB 575 proposes adding sections to the Education Code, relating to teacher evaluation. The bill proposes, as of July 1, 2018, to add the best practices teacher evaluation system to the state-mandated local programs supported by the block grant funding. Thus, if enacted, this bill would create a legislatively determined mandate, funded through the education block grant. Specifically, it would add the following subsection to the list of programs currently found under Government Code section 17581.6(e):

- (44) The best practices teacher evaluation system described in Sections 44661 and 44662 of the Education Code.

This bill was amended several times between March 25, 2015 and May 4, 2015 to include, among other changes, county boards of education. On May 5, 2015, it was referred to the Assembly Committee on Appropriations.

AB 731 - Maintenance of the codes.

Introduced by Assembly member Gallagher, on February 25, 2015, this bill proposes amendments to many different code sections, described by the legislative counsel's digest as, relating to the maintenance of the codes. In section 219 of the bill, a minor change is proposed under the education block grant in Government Code section 17581.6(e)(46) to add "of" as shown below:

- (46) Uniform Complaint Procedures (03-TC-02; Chapter 1117 of the Statutes of 1982; Chapter 1514 of the Statutes of 1988; and Chapter 914 of the Statutes of 1998).

AB 731 appears to be a spot bill and may be amended in the future to propose substantive changes to Government Code section 17581.6. This bill passed the Assembly on consent, and was not amended. It is now pending in the Senate Judiciary Committee.

Commission staff will continue to monitor both bills during this legislative session.

2015-2016 Budget: May Revision

On May 14, 2015, the Governor issued the *2015-16 May Revision* to his budget that includes the following changes to state-mandated local programs as they were initially proposed in the budget:

Local Government:

- The 2014 Budget Act includes a trigger mechanism that makes additional payments for the remaining pre-2004 mandate debt if the estimated General Fund revenues for 2013-14 and 2014-15 fiscal years at the 2015 May Revision exceed the 2014 Budget Act's estimate for those same revenues. Current estimates indicate the trigger mechanism calculation will result in a total of \$765 million, which will fully satisfy the remaining pre-2004 mandate debt. This amount is \$232 million more than what was estimated in the Governor's Budget. Of the \$765 million, approximately 77 percent will go to counties, 22 percent to cities, and 1 percent to special districts. These funds will provide counties, cities, and special districts with general purpose revenue. It remains the Administration's expectation that local governments use these funds for core services such as public safety, particularly to improve the implementation of 2011 Realignment and address mental health issues of local offenders.

School Districts:

- K-12 Mandated Programs Block Grant—An increase of \$1.2 million Proposition 98 General Fund to reflect greater school district participation in the mandates block grant. This additional funding is required to maintain statutory block grant funding rates assuming 100-percent program participation.
- Local Property Tax Adjustments—A decrease of \$123.3 million Proposition 98 General Fund in 2014-15 for school districts, special education local plan areas, and county offices of education as a result of higher offsetting property tax revenues. A decrease of \$224 million Proposition 98 General Fund in 2015-16 for school districts, special education local plan areas, and county offices of education as a result of higher offsetting property tax revenues.
- The May Revision proposes an additional \$150 million in 2015-16 for the first year of this transition program, an additional \$50 million in 2016-17, and a reduction of \$50 million in 2017-18. This adjusted schedule of funding will better allow schools to transition to entirely using their own discretionary funds by 2018-19. The May Revision also proposes a series of other changes to the Administration's January proposal on Career Technical Education.

Community College Districts (CCD):

- Mandate Backlog Payments—An increase of \$274.7 million one-time Proposition 98 General Fund, for a total of \$626 million, to continue paying down outstanding mandate claims by community colleges. These payments will be distributed on a per full-time equivalent student basis and will further reduce outstanding mandate debt, while providing community colleges with one-time resources to address various one-time needs, such as curricula redesign, start-up costs for new career technical educational programs, and other one-time costs.
- Community College Mandates Block Grant—A decrease of \$691,000 Proposition 98 General Fund to align mandate block grant funding with the revised full-time equivalent students estimate.