

# Santa Clara County Office of Education Countywide CBO Meeting May Revision Preview and Legislative Update April 23, 2015

## Santa Clara County Office of Education Countywide CBO Meeting May Revision Preview and Legislative Update

Presented by:  
Robert D. Miyashiro, Vice President  
Michelle McKay Underwood, Director  
April 23, 2015



### Overview

1

- May Revision Preview
- Legislative Update
- Cap on District Reserves
- Healthy Workplaces, Healthy Families Act of 2014

© 2015 School Services of California, Inc.

Santa Clara County Office of Education Countywide CBO Meeting  
May Revision Preview and Legislative Update  
April 23, 2015

## May Revision Preview

© 2015 School Services of California, Inc.

### Assessment of January Governor's Budget

3

- The January Governor's State Budget Proposal
  - Economic activity is up, with strong job growth
  - Real estate prices climbing and the stock market hitting new highs
- In general, the Administration has presented conservative revenue forecasts during the recovery
  - Last year, the May Revision added \$2.5 billion to the then current-year forecast
- Upside potential at the May Revision
  - In January, the Legislative Analyst's Office (LAO) said \$1 billion to \$2 billion more in the current year "seems likely"

© 2015 School Services of California, Inc.

# Santa Clara County Office of Education Countywide CBO Meeting

## May Revision Preview and Legislative Update

April 23, 2015

### The LAO's May Revision Scenarios

4

- On April 7, 2015, the LAO released a report that presented five revenue scenarios for the May Revision
  - No scenario showed less than a \$2.5 billion current-year upward revision
    - Current-year increase: \$2.5 billion to \$4 billion
    - Budget-year increase: \$1.25 billion to \$4 billion
  - Because of the requirements of Proposition 98 and Proposition 2 (the "Rainy Day Fund"), these revenue increases result in reductions to the non-Proposition 98 side of the State Budget
    - If the May Revision boosts 2015-16 revenues above the current-year adjustment, then the magnitude of the problem will be less

© 2015 School Services of California, Inc.

### SSC's April Revenue Projection

5

- School Services of California, Inc., (SSC) has developed a model to project revenues for April, the key month for the personal income tax
- As of April 21, posted collections by the State Controller suggest that the state is on track to exceed the April forecast by \$1.5 billion to \$2 billion
  - According to the Department of Finance (DOF), General Fund revenues were outpacing the Governor's State Budget forecast by \$1.3 billion through March
- The May Revision could recognize a current year revenue increase of more than \$3 billion
  - More than 90% of this gain will come to K-14 education under Proposition 98 as one-time funds; potentially \$450 per average daily attendance (ADA) for K-12 education

© 2015 School Services of California, Inc.

Santa Clara County Office of Education Countywide CBO Meeting  
May Revision Preview and Legislative Update  
April 23, 2015

Proposition 98 in 2015-16

6

- The 2015-16 revenue forecast is in the hands of the Administration's DOF
  - DOF has made conservative forecasts in recent years, resulting in upward revisions in revenues in both January and May
  - Therefore, a strong current-year increase does not necessarily mean that the forecast for 2015-16 will be equally strong
    - A significant portion of the current-year gain could be attributable to one-time capital gains income
- Expect the 2015-16 revenue increase to be less than the gain for the current year

© 2015 School Services of California, Inc.

Notes

7

---

---

---

---

---

---

---

---

---

---

Santa Clara County Office of Education Countywide CBO Meeting  
May Revision Preview and Legislative Update  
April 23, 2015

## Legislative Update

© 2015 School Services of California, Inc.

### Best Practices Teacher Evaluation System

9

- Assembly Bill (AB) 575 (O'Donnell, D-Long Beach) and Senate Bill (SB) 499 (Liu, D-La Canada Flintridge) would repeal and replace provisions governing the evaluation of certificated employees and school administrators, and beginning July 1, 2016, requires school districts to implement a best practices teacher evaluation system
  - Not identical, but many similar provisions
- Some good provisions, some not so good
  - The good:
    - Uses the California Standards for the Teaching Profession for a statewide system to improve systems and practices to benefit student learning and achievement
    - Recognizes that efforts will require resources to build systemic infrastructures, support the calibration of evaluators, and provide effective professional development of teachers when warranted

© 2015 School Services of California, Inc.

# Santa Clara County Office of Education Countywide CBO Meeting

## May Revision Preview and Legislative Update

April 23, 2015

### Best Practices Teacher Evaluation System

10

- The not-so-good:
  - Would require the development of a teacher evaluation system to be collectively bargained, including the requirement to negotiate the performance standards on which teachers will be evaluated
  - Would require district boards to seek public comment at a regularly scheduled public hearing during the development and implementation of a teacher evaluation system and requires the board to seek public comment during negotiations and before any agreement is finalized
  - Prohibits a memorandum of understanding from extending existing negotiated evaluation systems beyond its current negotiated term
  - Does not actually provide funding to implement a new best practices teacher evaluation system
- Both AB 575 and SB 499 were in their first committee on Wednesday, April 22

© 2015 School Services of California, Inc.

### Hot Legislative Issues of 2015

11

- AB 1391 (Gomez, D-Los Angeles) would authorize a complaint regarding physical education (PE) instructional minutes to go through the standard Uniform Complaint Procedures
  - Legislative response to Cal200 lawsuits against dozens of school districts that could not prove they had met the minimum PE instructional minutes requirement
- SB 277 (Pan, D-Sacramento and Allen, D-Santa Monica) would remove the ability for parents to file a personal belief exemption from the requirement that children receive vaccines prior to being admitted to school
  - Having passed the Senate Health Committee, the bill faced stiff opposition in Senate Education Committee and a vote was not taken
    - On Wednesday, April 22, the Senate Education Committee approved the bill
      - ◇ Next stop: Senate Judiciary Committee

© 2015 School Services of California, Inc.

# Santa Clara County Office of Education Countywide CBO Meeting

## May Revision Preview and Legislative Update

April 23, 2015

### Fiscal Legislation

12

- **AB 631** (Bonilla, D-Concord) would call for funds in 2015-16 on a per-pupil basis for the integration of Common Core academic content standards
- **SB 191** (Block, D-San Diego) would provide for school districts to be funded at a minimum of 50% of approved transportation costs by 2021-22, and would provide a cost-of-living adjustment (COLA) in 2015-16 through 2021-22
- **SB 3** (Leno, D-San Francisco) would increase the minimum wage to \$11 on January 1, 2016, and \$13 on July 1, 2017
  - Minimum wage would be indexed annually to the change in the California Consumer Price Index beginning in 2019
  - Under current law, minimum wage will increase to \$10 on January 1, 2016

© 2015 School Services of California, Inc.

### Notes

13

---

---

---

---

---

---

---

---

---

---

Santa Clara County Office of Education Countywide CBO Meeting  
May Revision Preview and Legislative Update  
April 23, 2015

## Cap on District Reserves

© 2015 School Services of California, Inc.

### Cap on District Reserves – Transparency

15

- Commencing with the 2015-16 Budget adoption, SB 858, the omnibus education trailer bill, requires certain transparency:
  - If a district adopts a budget with a combined assigned and unassigned ending fund balance in excess of the minimum reserve specified in the State Board of Education (SBE) regulations (1% to 5%, based on district size), the district must:
    - Identify the minimum reserve level applicable to the district
    - Identify the amount in excess of the minimum
    - Prepare a statement that substantiates the need for the “excess”

© 2015 School Services of California, Inc.



# Santa Clara County Office of Education Countywide CBO Meeting May Revision Preview and Legislative Update April 23, 2015

## Hard Cap on Reserves

16

- The conditions which trigger the hard cap have not yet been met, but are getting closer, especially the requirement to pay down the Proposition 98 maintenance factor
  - The January Governor's State Budget proposal indicated that \$2.7 billion would remain at the end of 2014-15
    - However, with the significant gain in current year revenues the amount remaining could be less than \$1 billion



© 2015 School Services of California, Inc.

## Components of a Reserve

17

Component	Description	Example
Committed Monies	Amount that can be used for any purpose but has been designated for specific future uses by the local school board	Unspent Local Control Funding Formula (LCFF) funding set aside by the school board to repaint a building next year
Assigned Monies	Amount that can be used for any purpose but has been designated for specific future uses by a district employee	Unspent LCFF funding set aside by the district superintendent to replace computers next year
Unassigned Monies	Amount that can be used for any purpose and has not been designated for any specific future use	Unspent LCFF funding not yet designated for any specific future use

Source: LAO report "Analysis of School District Reserves"

© 2015 School Services of California, Inc.

# Santa Clara County Office of Education Countywide CBO Meeting

## May Revision Preview and Legislative Update

April 23, 2015

### Reserve Cap Legislation

18

- AB 1048 (Baker, R-Dublin) and SB 774 (Fuller, R-Bakersfield) would fully repeal school district reserve cap
  - SB 774 is scheduled for a hearing by the Senate Education Committee on April 29
- AB 531 (O'Donnell) makes nonsubstantive changes to the school district reserve cap
  - Introduced as a "spot" bill, no changes have been made since February
- AB 1318 (Gray, D-Merced) would delete the numerical cap of two or three times the minimum reserve level for school districts and currently replaces those numbers with blanks
  - This bill seems positioned as a placeholder for a change to, but not elimination of, the cap on district ending balances

© 2015 School Services of California, Inc.

### Notes

19

---

---

---

---

---

---

---

---

---

---

Santa Clara County Office of Education Countywide CBO Meeting  
May Revision Preview and Legislative Update  
April 23, 2015

## Healthy Workplaces, Healthy Families Act of 2014

© 2015 School Services of California, Inc.

### AB 1522 – The Healthy Workplaces, Healthy Families Act of 2014

21

- **AB 1522** requires employers to provide sick leave to employees who work for the employer on or after July 1, 2015, for 30 or more days within a year from the commencement of employment
  - There is no requirement that the days worked be full work days
- The only exclusions are for employees who are covered under a collective bargaining agreement that:
  - Covers wages, hours of employment, and working conditions
  - Provides for paid sick days or paid time off
  - Includes binding arbitration of sick leave provisions
  - Provides for premium rates for all overtime (time and a half)
  - Provides hourly rates of pay are not less than 30% more than the state's minimum wage

© 2015 School Services of California, Inc.

# Santa Clara County Office of Education Countywide CBO Meeting

## May Revision Preview and Legislative Update

April 23, 2015

### AB 1522 – Earning and Using Sick Leave

22

- After 30 days, earn not less than one hour of sick leave for every 30 hours worked
  - Accruals can be limited to not more than 48 hours or 6 days
  - Leave can be used beginning on the 90th day of employment
- Use in a single school year, leave can be limited to 24 hours or 3 days, for care or treatment of an existing health condition or preventative care of employee or employee's family member and if employee is victim of domestic violence, sexual assault, or stalking
- Employees are not entitled to payment for leave accruals upon separation, unless rehired within one year in which case the leave shall be reinstated

© 2015 School Services of California, Inc.

### AB 1522 – Notice Requirements

23

- Employers must provide leave accrual information on the wage statement or on a separate statement along with the wage statement
- Posters must be displayed at all work sites that provide information on:
  - The employee's right to earn, accrue, and use paid sick leave
  - The amount of sick leave provided and allowable uses
  - Prohibition of retaliation and discrimination
  - After January 1, 2015, employers are required to provide newly hired employees with an individualized Notice to Employee that includes paid sick leave information
- Department of Industrial Relations has a comprehensive FAQ page:  
[http://www.dir.ca.gov/dlse/Paid\\_Sick\\_Leave.htm](http://www.dir.ca.gov/dlse/Paid_Sick_Leave.htm)

© 2015 School Services of California, Inc.

Santa Clara County Office of Education Countywide CBO Meeting  
May Revision Preview and Legislative Update  
April 23, 2015

AB 1522 – Managing Sick Leave Requirements

24

- Check your board policies and Collective Bargaining Agreements (CBAs) to be sure you are in compliance with the provisions of the law
- Consider adding to your board policies a “reasonable minimum” (such as two-hour increments) for use of the time by eligible employees
- Ensure your payroll and benefits system will properly track and calculate the sick leave and that the employee’s pay warrant displays available paid sick leave or, if this is not possible, that a separate notice is included with the warrant
- Consider “frontloading” the sick leave for eligible employees in order to reduce the tracking requirements for the time earned
- Ensure that you are retaining records by documenting hours worked and sick leave uses and accruals for three years

© 2015 School Services of California, Inc.

Questions?

25



© 2015 School Services of California, Inc.

Santa Clara County Office of Education Countywide CBO Meeting  
May Revision Preview and Legislative Update  
April 23, 2015

Thank you

School  
Services  
of California  
INC. <sup>TM</sup>

