



February 2024 Legislative Advocate Report

By Jennifer Baker, CalRTA Legislative Advocate

Senator McGuire, New Senate Pro Tempore

Senator McGuire from Santa Rosa was sworn in as the new Senate Pro Tempore on the 5th. Pro Tempore McGuire comes from a family of prune and grape farmers and has significant experience in governance through his work as a local school board trustee, city council member, and member of the Board of supervisors. He has a strong educational background and served on the Senate Education Committee for numerous years. His wife, Erika, is an elementary school principal.

New Senate Committee Chairs and Members

The following are the primary Committee Chairs and Committee Members with purview over CalRTA priorities:

Senate Appropriations Committee: Senator Caballero (D-Merced), (Chair), Senator Jones (R-San Diego), (Vice-Chair), Senator Ashby (D-Sacramento), Senator Becker (D-Menlo Park), Senator Bradford (D-Gardena), Senator Seyarto (R-Murrieta), and Senator Wahab (D-Hayward). Senator Caballero will assume her position on March 11th.

Senate Budget and Fiscal Review Committee: Senator Wiener (D-San Francisco), (Chair), Senator Niello (R-Fair Oaks), (Vice-Chair), Senator Skinner (D-Berkeley), (Chair Emeritus), Senator Allen (D-Santa Monica), Senator Becker (D-Menlo Park), Senator Blakespear (D-Encinitas), Senator Dahle (R-Bieber), Senator Durazo (D-Los Angeles), Senator Talamantes Eggman (D-Stockton), Senator Grove (R-Bakersfield), Senator Laird (D-Santa Cruz), Senator Menjivar (D-San Fernando Valley), Senator Min (D-Irvine), Senator Newman (D-Fullerton), Senator Padilla (D-San Diego), Senator Roth (D-Riverside), Senator Seyarto (R-Murrieta), Senator Smallwood-Cuevas (D-Los Angeles), Senator Wahab (D-Hayward), and Senator Wilk (R-Santa Clarita).

Budget Subcommittee #1 on Education: Senator Laird (D-Santa Cruz), (Chair), Senator Min (D-Irvine), and Senator Wilk (R-Santa Clarita).

Senate Education Committee: Senator Newman (D-Fullerton), (Chair), Senator Ochoa Bogh (R-Yucaipa), (Vice-Chair), Senator Cortese (D-San Jose), Senator Glazer (D-Contra Costa), Senator Gonzalez (D-Long Beach), Senator Smallwood-Cuevas (D-Los Angeles), and Senator Wilk (R-Santa Clarita).

Senate Health Committee: Senator Roth (D-Riverside), (Chair), Senator Nguyen (R-Huntington Beach), (Vice-Chair), Senator Glazer (D-Contra Costa), Senator Gonzalez (D-Long Beach), Senator Grove (R-Bakersfield), Senator Hurtado (D-Bakersfield), Senator Limón (D-Santa Barbara), Senator Menjivar (D-San Fernando Valley), Senator Rubio (D-Baldwin Park), Senator Smallwood-Cuevas (D-Los Angeles), and Senator Wiener (D-San Francisco).

Senator Labor, Public Employment and Retirement: Senator Lola Smallwood-Cuevas (D-Los Angeles), (Chair), Senator Wilk (R-Santa Clarita), (Vice-Chair), Senator Cortese (D-San Jose), Senator Durazo (D-Los Angeles), and Senator Laird (D-Santa Cruz).

LAO Recommends Additional Proposition 98 Decreases

The Legislative Analyst's Office (LAO) released their overview of the Governor's proposed budget, titled [*The 2024-25 Budget: Proposition 98 and K-12 Education*](#), which recommends additional cuts to Proposition 98 in 2023-24 and 2024-25, while planning for further reductions in the future should revenues not improve. The LAO notes that according to their forecast earlier this month, Proposition 98 has \$5.2 billion less than what is contemplated in the Governor's proposed budget in 2023-24 and \$2.5 billion less in 2024-25.

The LAO recommends rejecting the Governor's funding mechanism to protect Proposition 98 from cuts this year as it will cause additional funding limitations in the future. They additionally recommend rejecting the proposed cost-of-living adjustment, as well as a number of additional one-time increases.

While the LAO does make a number of recommendations that would be fiscally and politically difficult for schools, it does not mean that the Legislature or Governor will support or enact these recommendations. Their advice is meant to spur conversation about what fiscal tools the Legislature may use when putting together both short and long-term solutions to address the current fiscal shortfall.

Legislature Finished Introducing Bills

February 16th was the deadline to introduce new bills for this year. When the dust settled, there were a total of 2,124 bills introduced. This included 1,505 in the Assembly and 619 in the Senate. The CalRTA Government Relations Committee is finalizing their recommendations to the CalRTA Board on February 29th. Their recommendations will be reviewed by the CalRTA Board on March 5th. Once bill positions have been finalized, I will begin advocating those positions to the Legislature. The March report will include a list of bill positions CalRTA has taken thus far.

Governor Reappoints TRB Members

Governor Newsom reappointed Trustee Karen Yamamoto to the Teachers' Retirement Board (TRB). Trustee Yamamoto has been serving on the Board for over six years and has been a tremendous advocate for retired educators. Governor Newsom has also reappointed Trustee Ken Tang to the TRB. Trustee Tang additionally serves as a Trustee to the Alhambra Unified School District and has been a great asset to the TRB and a strong voice for teachers. CalRTA supports their appointments to the TRB, which will be communicated when they are heard by the Senate Rules Committee later this year.

Opportunities vs. Reduced Revenues

This month, the Legislative Analyst's Office (LAO) released [*Key Fiscal and Policy Issues Facing California*](#), which provides a macro resource for understanding how and what they research. The report begins with a comprehensive approach to understanding how economic inequality impacts different populations within California, as well as how this can impact upward mobility, then takes a look at the

business climate across the state and its impact on California's economic competitiveness and job creation.

When reviewing California's educational system, the LAO reflects on how access and outcomes impact various educational segments. While Latino students make up the largest student population in the state, they graduate high school and attend the University of California at a lower rate than other student populations.

In addition to this macro report, the LAO also updated their ["Big Three" Revenue Outlook](#), which projects an estimated \$24 billion overall reduction across 2022-23 through 2024-25, below what is projected in the Governor's proposed budget. This could result in lower overall revenues and funding in the May Revision.

Cash Receipts Continue to Decline

The [Department of Finance](#) issued their [February Finance Bulletin](#), which noted U.S. real GDP remains relatively strong, growing at 3.3% in the fourth quarter of 2023. U.S. headline inflation continues to decelerate down to 3.1%, with core inflation holding at 3.9%.

Cash receipts are \$5.9 billion below the Governor's 2024-25 budget projections due to weaker personal income tax estimated payments, reflecting a total of \$4.6 billion below forecast expectations. Corporate tax cash receipts are also coming in lower than projected by \$980 million, as well as sales and use tax cash receipts, which were \$53 million below the January forecast.

As revenues continue to come in lower than projected, the likelihood that additional overall cuts to the Governor's proposed budget becomes more likely. It will be important to pay attention to the actual tax returns that will be reflected on April 15th to get an idea of how it will likely shape the Governor's May Revision.