



February 2025 Legislative Advocate Report

By Jennifer Baker, CalRTA Legislative Advocate

CalRTA Continues to Help Retirees

CalRTA-sponsored [AB 1667 \(Cooper, 2022\)](#) continues to protect teachers' retirement security by ensuring that any California State Teachers' Retirement System (CalSTRS) benefit reduction will be covered in the event of an employer's mistake. This important measure created a more transparent and accountable system to ensure school and community college districts receive timely and accurate information from CalSTRS and is reducing the likelihood of reporting mistakes in the future. The measure went into effect in 2023 and has already had a significant impact on retirees across the state.

CalSTRS recently released updated data reflecting overpayments to retirees that will not have to be repaid by retirees as a result of this legislation. Instead, invoices were sent to school districts and the state. In the first two quarters of 2024, a total of 620 retirees received overpayments that were covered by districts and the state. The total cumulative amount overpaid was \$1.02 million. The highest individual overpayment during this period was \$43,850. CalRTA will continue to provide additional information as it becomes available and will continue to work with CalSTRS to ensure retirees are protected as this continues to be implemented.

Bill Introduction Deadline Cleared

February 21st was the final deadline to introduce bills. With 2,350 bills introduced, 1,500 in the Assembly and 850 in the Senate, this number represented a reduction in the overall number of bills typically introduced. There was a definite shift in focus in many of the bills introduced to deal with fire recovery, but many ongoing issues, such as affordable housing, were in the mix of bills introduced. The Government Relations Committee has already begun to review bills and will complete their final review and make recommendations to the CalRTA Board by March 6th. Once the Board has finalized positions, updates will be provided on those bills with support/oppose positions.

LAO Issues 2025-26 Budget Review

The Legislative Analyst's Office (LAO) issued: [The 2025-26 Budget: Proposition 98 Guarantee and K-12 Spending Plan](#). The report reviews the Governor's 2024-25 and 2025-26 budgets, which project a rise in school funding due to Proposition 98, with a \$3.9 billion increase in 2024-25 and \$3.6 billion in 2025-26. However, these projections are sensitive to stock market changes. To manage volatility, the Governor suggests delaying a \$1.6 billion payment to schools but recommends a reserve deposit instead to avoid deferring costs. The proposal allocates \$7.8 billion for K-12 spending, with \$4.4 billion for ongoing costs like a cost-of-living adjustment and transitional kindergarten expansion, and \$3.4 billion for one-time activities. The budget also outlines how Proposition 98 funding fluctuates based on revenue and other factors, adjusting school funding accordingly. The LAO contemplates that while the plan has positive elements, it may need adjustments for better fiscal stability.

The LAO additionally expresses caution about California's 2024-25 budget, noting that revenue projections rely heavily on a volatile stock market. Wildfire-related tax extensions add uncertainty to revenue estimates. Proposition 98 funding for schools is highly sensitive to revenue changes, particularly in 2024-25, where small fluctuations could significantly impact school funding. The 2025-26 budget is expected to have a moderate impact on school funding, with no mandatory reserve deposit due to higher estimates under Test 2. The Los Angeles wildfires are projected to reduce property tax revenue by \$100-200 million, slightly impacting school funding.

LAO Issues Report on Fiscal Oversight

The Legislative Analyst's Office recently issued the report: [*The 2025-26 Budget Undertaking Fiscal Oversight*](#), which advised the Legislature to conduct rigorous fiscal oversight of state programs in the 2025-26 budget process, focusing on General Fund-supported programs to address anticipated budget deficits. These deficits, expected from 2026-27 onward, will require spending cuts, revenue increases, or other solutions. The LAO noted the importance of fiscal oversight to help assess whether public resources achieve intended goals at reasonable costs through evaluations of program outcomes, costs, and effectiveness.

Given time constraints, the LAO is recommending the Legislature prioritize oversight efforts by focusing on high-cost, high-growth programs, areas with fiscal flexibility, underexamined programs, and those susceptible to external changes. Assessing program success is challenging due to limited data, but gathering relevant cost-benefit information can help prioritize spending. The Legislature is urged to determine whether programs address well-defined problems, meet objectives effectively, and provide sufficient benefits relative to costs. This oversight will aid in balancing future budgets and preparing for upcoming fiscal challenges.

Further, the Legislature is encouraged to examine the state's revenue structure alongside spending, including evaluating the fairness, stability, and efficiency of California's tax system and considering adjustments, such as the future of Proposition 55. Tax expenditures, including credits and deductions, are also recommended to be scrutinized like other spending to ensure they achieve their intended objectives effectively.

Legislative Calendar

May 2 – Last day for policy committees to hear fiscal bills.

May 9 – Last day for policy committees to hear nonfiscal bills.

May 16 – Last day for policy committees to meet prior to June 9.

May 23 – Last day for fiscal committees to hear Floor bills introduced in their house. Last day for fiscal committees to meet prior to June 9.

June 2-6 – Floor session only.

June 6 – Last day for each house to pass bills introduced in that house.

June 9 – Committee meetings may resume.

June 15 – Budget bill must be passed by midnight.

July 18 – Last day for policy committees to hear bills. Summer Recess begins.

August 18 – Legislature reconvenes from Summer Recess.

August 29 – Last day for fiscal committees to hear bills.

September 2-12 – Floor session only.

September 5 – Last day to amend a bill on the Floor.

September 12 – Last day for each house to pass bills. Interim Recess begins.