

November 24, 2015

Hon. Kamala D. Harris
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Ashley Johansson
Initiative Coordinator

Dear Attorney General Harris:

Pursuant to Elections Code Section 9005, we have reviewed the proposed statutory initiative pertaining to teacher tenure (A.G. File No. 15-0079, Amendment No. 1).

Background

A state law governs the process for awarding teachers permanent employment status. The state also has rules for determining how much total funding goes to local educational agencies (LEAs). We describe these matters in more detail below.

Establishes 18-Month Probationary Period. State law requires LEAs to notify teachers of whether they are to be granted permanent status by March 15 of their second year of employment (with permanent status then granted at the beginning of their third year of employment). Evaluations serve as the main factor in determining whether to retain teachers. State law requires LEAs to evaluate probationary teachers every year. Upon attaining permanent status, teachers are to be evaluated every other year for the next eight years of employment, with evaluations every five years thereafter. In contrast to probationary teachers, permanent teachers receive certain job protections, including the right to a hearing prior to being dismissed.

State Constitution Establishes Minimum Funding Requirement for LEAs. State budgeting for LEAs is governed by Proposition 98, passed by voters in 1988. Proposition 98 establishes a minimum funding requirement, commonly referred to as the minimum guarantee. Though the calculation of the minimum guarantee is formula-driven, a majority of the Legislature can choose in any given year to provide more than the minimum guarantee. With a supermajority, the Legislature can vote to suspend the formulas and provide less funding than they require.

Proposal

This measure would change state law in the following ways:

- ***Lengthens Probationary Period to Five Years.*** The measure requires teachers to complete five consecutive years of satisfactory teaching performance, as determined by the school board, prior to being granted permanent status.

Fiscal Effect

This measure would have various fiscal effects, as described below.

Increase in Employee Evaluation Costs. This measure would require school districts to conduct two additional evaluations within a teachers' first five years of employment. Whereas teachers currently are evaluated in years one, two, and four of their employment, this measure would require them to be evaluated in each of their first five years. The cost of a teacher evaluation tends to range from \$500 to \$1,200, with an average cost of roughly \$600. Annual evaluation costs statewide likely would increase in the low tens of millions of dollars. If existing principals do not have the time or capacity to conduct the additional evaluations, LEAs would have to hire additional administrators to undertake this work.

Other Potential Fiscal Effects of Measure. Whereas the measure very likely would result in higher costs for LEAs to conduct more frequent teacher evaluations, the measure also could affect school spending in the following ways.

- ***Potential Increase in Teacher Compensation Costs.*** As the measure reduces job security for newer teachers, some school districts might find that they need to raise beginning salaries to attract teachers.
- ***Potential Change in Teacher Turnover.*** As the measure allows districts to dismiss third, fourth, and fifth-year teachers more easily, some districts might experience greater teacher turnover, with correspondingly higher recruitment, hiring, and training costs. (These higher costs could be partially offset by compensation-related savings due to replacing higher-salaried teachers with lower-salaried ones.) Alternatively, some districts might experience less teacher turnover as a result of having a longer period to assess and support junior teachers, with the opposite fiscal effect.
- ***Potential Decrease in Dismissal Proceedings.*** The Office of Administrative Hearings might experience some minor savings due to fewer dismissal hearings for third, fourth, and fifth-year teachers. Similarly, school districts might experience lower dismissal-related costs.

The net impact of all these other effects is unknown but could be substantial.

Measure Does Not Change the Minimum Guarantee. The measure makes no change to the constitutional formulas the state uses to establish the minimum funding requirement for LEAs. As a result, any costs noted above likely would be accommodated within the minimum guarantee. This higher spending likely would come at the expense of other school spending priorities. Though less likely, the state could decide to accommodate these higher costs by providing more than the minimum guarantee requires in any given year.

Summary of Fiscal Effect

We summarize the major fiscal effects of this measure below.

- Local educational agencies (LEAs) likely would experience net higher costs in the low tens of millions of dollars statewide due to conducting more frequent teacher evaluations.
- LEAs might incur various other fiscal effects relating to teacher compensation, teacher turnover, and dismissal hearings, but the net impact of all these factors is difficult to determine.

Sincerely,

Mac Taylor
Legislative Analyst

Michael Cohen
Director of Finance