

February 16, 2005

Hon. Bill Lockyer
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Tricia Knight
Initiative Coordinator

Dear Attorney General Lockyer:

Pursuant to Election Code Section 9005, we have reviewed the proposed initiative (File No. SA2005RF0019) entitled "Put the Kids First Act."

Background

Under existing law, certificated school district employees, such as teachers, attain permanent status (or "tenure") after serving two school years in a certificated position. Existing law also requires school districts to establish evaluation processes and assess the performance of probationary certificated employees annually and permanent certificated employees at least every other year. Additionally, state law specifies conditions under which a permanent employee may be dismissed. These conditions include unsatisfactory performance. To initiate dismissal proceedings for unsatisfactory performance, the governing board must give an employee written notice, specifying the nature of the unsatisfactory performance and "specific instances of behavior" about three months prior to filing the charge. Within 30 days of receipt of the notice, an employee may request an administrative hearing.

Proposal

This initiative makes two changes to existing state law:

- ***Extends Probationary Period to Five Years.*** The initiative designates certificated employees as permanent after five school years in a certificated position.
- ***Expands Conditions Under Which Permanent Employees May Be Dismissed.*** The initiative allows permanent employees to be dismissed after two consecutive unsatisfactory performance evaluations. Notwithstanding

existing law, the governing board of a school district would be able to dismiss the employee by written notice based solely on these evaluations.

Fiscal Effects

Impact on School District Salary Costs. The measure could have a variety of impacts on salary costs. On the one hand, school districts might experience a modest reduction in salary costs due to higher teacher turnover—replacing more experienced teachers with less experienced teachers. That is, to the extent the longer probationary period resulted in school districts releasing more teachers during their first five years of service and replacing them with even less experienced—that is, lower salaried—teachers, school districts' teacher salary costs would be reduced slightly. Also, to the extent the simplified dismissal process resulted in school districts releasing more permanent teachers and replacing them with lower salaried teachers, school districts' salary costs would be reduced more substantially. These potential savings, however, could be offset by other factors. For instance, during the first several years, school districts might need to raise beginning teacher salaries to compensate for a more limited supply of teachers or as a result of the reduced level of job security. In the longer run, districts might respond to higher turnover rates in other ways that increased costs—such as offering hiring bonuses or increasing pay schedules. Given these various factors, the net effect on teacher salary costs is unknown and could vary significantly district by district.

Impacts on Other School District Costs. School districts would likely achieve modest administrative savings as a result of the simplified dismissal process. By being able to rely on routine performance evaluations as the sole grounds for dismissal, school districts presumably would incur less time and administrative expense in undertaking dismissal proceedings. These savings likely would be somewhat offset by a modest increase in local administrative costs associated with holding additional appeal hearings. School districts would also experience increased hiring and training costs to the extent the measure increased teacher turnover rates. They also would incur greater evaluation costs associated with assessing probationary teachers every year for their first five years.

Summary of Fiscal Effects

The measure would have the following major fiscal impact:

- Unknown impact on school district teacher salary costs as a result of changes in teacher tenure and dismissal practices. Fiscal impacts could vary significantly district by district.

Sincerely,

Elizabeth G. Hill
Legislative Analyst

Tom Campbell
Director of Finance