

With amendments to SB 751, bill is poised to go to Gov. Brown

## Senate Bill 751 to be amended, representing legislative solution to the reserve cap

We are pleased to report that CSBA's sponsored reserve cap bill, Senate Bill 751, will be amended today on the Assembly Floor, and that the new language of the bill represents a legislative agreement on a solution to the reserve cap.

**SB 751 protects California's most financially vulnerable districts from the reserve cap by exempting them from the current law. The level of the reserve limit is raised, and a new condition (or "trigger") is added to make it less likely that the reserve cap becomes active, providing crucial relief for every school district in the state. The new language of SB 751 represents the level of relief CSBA has been seeking for every California school district, absent a full repeal of the reserve cap.**

Assembly Education Committee Chair Patrick O'Donnell (D-Long Beach) will sign on to SB 751 (Hill & Glazer) as a principal coauthor. The California Teachers Association will support the bill.

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## SB 751, the solution to the reserve cap

- **All small school districts of less than 2,501 ADA are exempted** from the current reserve cap law.
- **All basic aid school districts are exempted** from the current reserve cap law.
- **A new reserve cap "trigger" is added**, making it *significantly less likely* that the current reserve cap would become active. Currently, if a deposit of any amount (even \$1) is made to a state Proposition 98 rainy day fund, the cap would be triggered. Under SB 751, the Proposition 98 rainy day fund would need a minimum balance of 3 percent of the K-12 portion of the Proposition 98 guarantee to trigger the reserve cap. That dollar amount would currently be \$1.9 billion.
- **The level of the reserve limit is raised** to 10 percent of the district's general fund; the current reserve cap law limits districts to a reserve balance of no more than twice the state-required minimum balance, or between 2 and 6 percent, depending on district size.

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## Timeline

SB 751 is poised to go to Gov. Brown for his signature; only a vote on the Assembly Floor and a concurrence vote in the Senate remain to send SB 751 to the Governor's desk. Both

houses will hold floor sessions this week and next week; the actual date for an Assembly vote on SB 751 is to be determined. SB 751 has not received a single “No” vote in 2017, gaining unanimous approval on the Senate Floor and in Education and Appropriations Committees in both houses.

The deadline for the Legislature to approve bills is **Friday, Sept. 15**. The Governor has until Oct. 15 to sign all 2017 legislation. Please continue to follow CSBA communication for updates.

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## Status of additional reserve cap bills

CSBA has previously reported on the two other bills introduced in 2017 to address the reserve cap: Assembly Bill 235, authored by Asm. O’Donnell, and Assembly Bill 1164, authored by Asm. Tony Thurmond (D-Richmond). AB 235 is on the Senate Floor, but is unlikely to receive a vote, at the request of author. AB 1164, which also contained language addressing the unrelated issue of teacher probation, was held in the Senate Education Committee in July and is currently a two-year bill, meaning that it will not advance in 2017.