



## November 2024 Legislative Advocate Report

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### November 5<sup>th</sup> Election Impacts California Legislature

The elections held on November 5th for California's State Assembly and Senate were pivotal, with all 80 Assembly seats and 20 of the 40 Senate seats on the ballot. Notably, legislative leadership remains unchanged: Assembly Speaker Rivas can serve until 2030, while Senate President Pro-Tempore McGuire is nearing his term limit in 2026.

There are still several tight races being closely monitored, including:

- Senate District (SD) 37: Republican Steven Choi leads Democratic Senator Josh Newman by a narrow 1.6 percentage points. This seat is particularly significant as it is open due to the incumbent, Senator Dave Min, being engaged in a close race for the 47th Congressional District. Senator Newman, who currently represents SD 29 (Fullerton), chairs the Senate Education Committee.

Regardless of the outcome of close races, there will be a significant turnover in the legislature this year. This is largely due to term limits, members running for other offices, and voluntary departures. In fact, one-third of the legislative seats will be filled with newcomers.

A notable achievement of this election cycle is the historic gender parity achieved in the State Senate, which marks the first time in California history that the Senate has an equal number of male and female legislators. Depending on the results of the remaining races, this milestone could extend to the entire Legislature, further advancing gender balance in the state's governance.

### LAO Issues 2025-26 Fiscal Outlook

The Legislative Analyst's Office released their [2025-26 Fiscal Outlook](#) highlighting the action the Legislature took to address the 2024-25 fiscal shortfall, while additionally taking action to mitigate a fiscal shortfall in 2025-26. These actions created a clearer balanced fiscal palette for 2025-26, which will include a likely overall deficit of two billion dollars. Overall revenues for the state have been more lucrative, impacting overall income tax revenue, which may not be sustainable without improvements to the overall state economy.

While revenues are growing, they will likely not be significant enough to balance out the high spending and growth faced by the state, which may lead to double-digit operating deficits in the future. Given the future uncertainty, the LAO is not recommending the Legislature consider any new funding obligations and that they should re-evaluate existing commitments.

## Moderate Increase in School Funding Projected

The Legislative Analyst's Office released the [2025-26 Budget: Fiscal Outlook for Schools and Community Colleges](#) which indicates Proposition 98 funding for schools and community colleges is expected to increase by \$1.5 billion above the 2024-25 enacted budget. While an additional \$3.7 billion in expired one-time funding will additionally be freed up, a portion of that funding would provide the expected 2.46 percent statutory cost-of-living adjustments, leaving \$2.8 billion for new commitments or to address payment deferrals created in the 2024 Budget Act. They additionally recommend saving a portion of the one-time savings for future use should school funding see lower-than-expected funding in the future.

## October Revenue Above Forecast

California continues to receive positive economic news in the [November Finance Bulletin](#) from the [California Department of Finance](#) (DOF), with growth remaining strong with U.S. real GDP growth of 2.8% seasonally adjusted annualized rate for the third quarter of 2024, down slightly from 3% during the previous quarter.

Cash receipts totaled \$1.1 billion (11.2%) above the Budget Act forecast for October, stemming from higher personal income tax receipts. Personal income tax cash receipts totaled \$1.4 billion (18.9%) higher than the October forecast, reflecting a cumulative total of \$5.4 billion (8%) above the forecast since April. Corporation tax cash receipts equaled \$201 million (71%) below forecast in October. Sales and use tax receipts were \$295 million (15.1%) below forecast in October.

While the additional \$5.4 billion cumulative additional revenue is a positive economic step for the state, particularly compared to this same time last year, it should be noted that the majority of these funds will likely be accounted for to cover maintenance factor payments stemming from the recent suspension of Proposition 98, as well as other recent law changes.

## Legislative Calendar

December 2 – Legislative 2025-26 session convenes.  
January 1 – Statutes take effect.  
January 6 – Legislature reconvenes.  
January 10 – Budget bill submitted by Governor.  
January 24 – Last day to submit bill requests to the Office of Legislative Counsel.  
February 21 – Last day for bills to be introduced.  
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.  
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.