
THIRD READING

Bill No: AB 1438
Author: Gallagher (R)
Amended: 3/28/25 in Assembly
Vote: 27 - Urgency

SENATE EDUCATION COMMITTEE: 6-0, 6/11/25
AYES: Pérez, Ochoa Bogh, Cabaldon, Choi, Cortese, Laird
NO VOTE RECORDED: Gonzalez

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/29/25
AYES: Caballero, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 72-0, 5/5/25 - See last page for vote

SUBJECT: School finance: administrative employee-to-teacher ratio: Paradise Unified School District

SOURCE: Author

DIGEST: This bill, an urgency measure, exempts the Paradise Unified School District (PUSD) from fiscal penalties associated with exceeding the statutory cap on administrative employee-to-teacher ratios for fiscal years 2024–25 through 2026–27. It also requires the district to report on its staffing ratios, reasons for noncompliance, and progress toward meeting the required ratio by 2026–27.

ANALYSIS:

Existing law:

- 1) Exempts the PUSD from any reduction in state support due to exceeding the administrative employee-to-teacher ratio for the 2021–22 through 2023–24 fiscal years. (Education Code (EDC) § 41404.5)
- 2) Defines “administrative employee” as a certificated school district employee who is not classified as a teacher or pupil services employee. (EDC § 41401)

- 3) Defines “pupil services employee” as a certificated employee who provides direct services to pupils and holds a services, health, or librarian credential, including counselors, psychologists, nurses, and librarians. (EDC § 41401)
- 4) Defines “teacher” as a certificated employee who provides direct instruction to pupils full-time, including special education teachers, substitute teachers, and instructional specialists, and includes designated instructional preparation time. (EDC § 41401)
- 5) Establishes maximum administrative employee-to-teacher ratios of 9:100 for elementary districts, 8:100 for unified districts, and 7:100 for high school districts. (EDC § 41402)
- 6) Requires the Superintendent of Public Instruction (SPI) to annually calculate, for each district, the number of administrative employees and teachers—excluding those funded by federal or categorical funds—and determine whether the district exceeds the allowable ratio. (EDC § 41403)
- 7) Excludes from the ratio calculation any employees mandated under a court-ordered integration plan for San Diego Unified School District. (EDC § 41403)
- 8) Requires the SPI to calculate the reduction in state support based on the ratio of state aid to total general fund income, the average salary of administrative employees, and the number of administrators in excess of the maximum allowed. (EDC § 41404)
- 9) Reduces a district’s second principal apportionment by the penalty amount if the number of administrative employees exceeds the allowable ratio. (EDC § 41404)
- 10) Exempts school districts with over 400,000 average daily attendance (ADA) as of the 2016–17 second principal apportionment from the penalty for fiscal years (FYs) 2019–20 through 2021–22, provided they submit reports with historical ratio data and plans for compliance by FY 2023–24. (EDC § 41404.5)
- 11) Requires the Los Angeles Unified School District (LAUSD) to report its administrative-to-teacher ratio for FYs 2011–12 through 2022–23 and to submit annual progress reports for FYs 2024 and 2025 documenting steps toward compliance by FY 2025–26. (EDC § 41404.5)

This bill:

- 1) Extends PUSD’s existing exemption from Education Code Section 41404 penalties through FY 2026–27.
- 2) Requires the district to submit a report by September 1, 2026, to the California Department of Education (CDE), Department of Finance, and the appropriate legislative committees, including:
 - a) Ratios for FYs 2024–25 through 2026–27;
 - b) Reasons for noncompliance and estimated student impacts;
 - c) A plan to meet ratio requirements by the end of FY 2026–27;
 - d) Progress updates toward compliance.
- 3) Declares the legislation necessary due to the ongoing recovery from the 2018 Camp Fire, which devastated the district.
- 4) Enacts this bill as an urgency statute to ensure uninterrupted state funding during PUSD’s rebuilding phase.

Comments

- 1) *Need for this bill.* According to the author, “AB 1438 recognizes the unique circumstances PUSD is navigating and ensures that schools can focus on rebuilding, supporting students, and maintaining essential services without the threat of funding cuts due to administrative staffing ratios. Stability is crucial for students who have already experienced so much disruption in their lives. By allowing PUSD the flexibility to retain necessary staff and avoid punitive financial penalties, we are giving these students a better chance at academic success and long-term recovery. This legislation is not just about funding—it’s about ensuring that Paradise schools have the resources and support needed to provide students with a safe, consistent, and high-quality education as they rebuild their futures. Now more than ever, we must stand with Paradise and give these students every opportunity to succeed.”
- 2) *What is the administrator-to-teacher ratio and why does it matter?* California law imposes a cap on the number of administrative employees a school district

may have in relation to its number of teachers. The cap is meant to ensure that state education funds are primarily directed toward classroom instruction rather than central office staffing. The statutory limits are 9 administrators per 100 teachers in elementary districts, 8 per 100 in unified districts, and 7 per 100 in high school districts. Each year, the CDE calculates whether districts are within these ratios, and if not, imposes a fiscal penalty by reducing the district's state apportionment.

- 3) *Why does the state enforce this ratio?* The ratio reflects a long-standing policy judgment that the majority of education spending should go toward instruction and student services, rather than administration. While it doesn't reflect qualitative assessments of administrative effectiveness, it functions as a fiscal safeguard—especially important in a system where the state provides most of the funding for K–12 schools. The penalty structure incentivizes districts to prioritize instructional staffing unless specific circumstances justify otherwise.
- 4) *When and why has the Legislature granted exemptions?* Although the ratio has been in statute for decades, the Legislature has carved out temporary exemptions for certain districts facing extraordinary circumstances. For example, LAUSD received a multi-year exemption through the 2019 budget to give the district time to adjust its staffing levels following years of reform efforts and funding volatility. Similarly, PUSD received a three-year exemption (2021–24) in recognition of the district's need to rebuild after the devastating Camp Fire of 2018.
- 5) *What makes Paradise Unified's situation unique?* The Camp Fire destroyed over 10,000 homes and severely damaged or leveled most of the school facilities in the Paradise area. Enrollment plummeted, dropping from over 3,400 students pre-fire to about 1,700 shortly afterward. As the town slowly rebuilds, PUSD has begun reopening schools to accommodate returning families, including an elementary campus slated to open in 2024–25. This reopening, while a sign of hope and progress, drives up the need for administrators—principals, office managers, and support staff—at a faster rate than the district can hire teachers or grow its enrollment base.

If the district were held to the standard ratio today, it would face a penalty of roughly \$245,000 in 2024–25, increasing as more schools come online. According to the district, the local teachers union supports current staffing levels and understands the operational challenges involved in rebuilding a small-town school system essentially from scratch.

- 6) *What does this bill do that prior exemptions didn't?* Rather than a one-year reprieve or a permanent change, this bill provides a three-year exemption window tied to transparent reporting. PUSD must document its ratios, explain its staffing decisions, and show progress toward meeting the standard ratio by the end of the 2026–27 fiscal year. This approach maintains accountability while acknowledging the realities of post-disaster recovery and the importance of stable school operations.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee, the bill's exemption could result in Proposition 98 General Fund savings for the PUSD in the hundreds of thousands of dollars each year. The district estimates they would face a \$245,000 penalty for noncompliance with the administrator-to-teacher ratio for the 2024-25 fiscal year.

SUPPORT: (Verified 8/28/25)

Small School Districts Association

OPPOSITION: (Verified 8/28/25)

None received

ASSEMBLY FLOOR: 72-0, 5/5/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Krell, Lackey, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NO VOTE RECORDED: Bains, Elhawary, Ellis, Kalra, Lee, Ramos, Valencia

Prepared by: Ian Johnson / ED. / (916) 651-4105
8/30/25 18:35:55

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