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**AB-378 Education finance: Classified School Employee Summer Assistance Program.** (2025-2026)

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**Assembly Bill No. 378**

**CHAPTER 258**

An act to amend Section 45500 of the Education Code, relating to education finance.

[ Approved by Governor October 03, 2025. Filed with Secretary of State October 03, 2025. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 378, Valencia. Education finance: Classified School Employee Summer Assistance Program.

Existing law establishes the Classified School Employee Summer Assistance Program. Existing law authorizes local educational agencies to elect to participate in the program and authorizes a classified employee of a participating local educational agency who meets specified requirements to withhold an amount from the employee's monthly paycheck during the school year to be paid out during the summer recess period, as provided. Existing law requires the State Department of Education to apportion funds to participating local educational agencies within 30 days of receiving a request for payment by the participating local educational agency, as provided. Existing law provides that operation of the program is contingent upon an appropriation for the program in the annual Budget Act or another statute. Existing law defines "local educational agency" for these purposes as a school district or county office of education.

Existing law, the Joint Exercise of Powers Act, authorizes 2 or more public agencies, if authorized by their legislative or other governing bodies, to enter into an agreement to jointly exercise any power common to the contracting parties, as provided. That act requires, among other things, that the agreement state the purpose of the agreement or power to be exercised and provide for the method by which the purpose will be accomplished or the manner in which the power will be exercised.

This bill would add a joint powers authority formed pursuant to that act consisting solely of school districts and county offices of education to the definition of a local educational agency for purposes of the program, thereby authorizing a joint powers authority and its classified employees to participate in the program.

This bill would incorporate additional changes to Section 45500 of the Education Code proposed by AB 147 and SB 147 to be operative only if this bill and either AB 147 or SB 147 is enacted and this bill is enacted last.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:**

**SECTION 1.** Section 45500 of the Education Code is amended to read:

**45500.** (a) The Classified School Employee Summer Assistance Program is hereby established.

(b) The program shall provide a participating classified employee up to one dollar (\$1) for each one dollar (\$1) that the classified employee has elected to have withheld from the classified employee's monthly paychecks pursuant to this section.

(c) A local educational agency may elect to participate in the program. A participating local educational agency shall notify classified employees, by January 1 during a fiscal year in which moneys are appropriated for purposes of this section, that the local educational agency has elected to participate in the program for the next school year. Once a local educational agency elects to participate in the program and notifies classified employees pursuant to this subdivision, the local educational agency is prohibited from reversing its decision to participate in the program for the next school year beginning after the end of a fiscal year in which moneys are appropriated for purposes of this section.

(d) (1) A classified employee who elects to participate in the program shall notify the local educational agency, in writing, by March 1 during a fiscal year in which moneys are appropriated for purposes of this section, on a form developed by the department that the classified employee wishes to participate in the program for the applicable school year. The classified employee shall specify the amount to be withheld from their monthly paychecks during the applicable school year and whether they choose to have the amounts withheld paid out during the summer recess period in either one or two payments. A participating classified employee may elect to have up to 10 percent of the classified employee's monthly pay withheld during the applicable school year.

(2) A classified employee is eligible to participate in the program if the classified employee has been employed with the local educational agency for at least one year at the time the classified employee elects to participate in the program.

(3) (A) A classified employee is eligible to participate in the program if the classified employee is employed by the local educational agency in the employee's regular assignment for 11 months or fewer out of a 12-month period. For purposes of determining a classified employee's total months employed by the local educational agency, the employing local educational agency shall exclude any hours worked by the classified employee outside of their regular assignment.

(B) For the 2020–21, 2021–22, and 2022–23 school years, for purposes of determining a classified employee's total months employed by the local educational agency, the employing local educational agency shall exclude any hours worked by the classified employee as a result of an extension of the academic school year directly related to the COVID-19 pandemic, if the hours are in addition to the employee's regular assignment and would prevent the employee from being eligible for this program.

(4) (A) A classified employee is not eligible to participate in the program if the classified employee's regular annual pay received directly from the local educational agency is more than sixty-two thousand four hundred dollars (\$62,400) for an entire school year at the time of enrollment. For purposes of determining a classified employee's regular annual pay received directly from the local educational agency, the employing local educational agency shall exclude any pay received by the classified employee during the previous summer recess period.

(B) For purposes of this section, "summer recess period" means the period that regular class sessions are not being held by a local educational agency during the months of June, July, and August. Pay earned by a classified employee with limited employment during the months of June, July, or August that is not for the summer session shall not be excluded pursuant to this paragraph.

(e) A local educational agency that elects to participate in the program shall notify the department in writing, by April 1 during a fiscal year in which moneys are appropriated for purposes of this section, on a form developed by the department that it has elected to participate in the program. The local educational agency shall specify the number of classified employees that have elected to participate in the program and the total estimated amount to be withheld from participating classified employee paychecks for the applicable school year.

(f) The department shall notify participating local educational agencies in writing, by May 1 during a fiscal year in which moneys are appropriated for purposes of this section, of the estimated amount of state match funding that a participating classified employee can expect to receive as a result of participating in the program. If the funding provided for purposes of this section is insufficient to provide one dollar (\$1) for each one dollar (\$1) that has been withheld from participating classified employee monthly paychecks, the department shall notify local educational agencies of the expected prorated amount of state match funds that a participating classified employee can expect to receive as a result of participating in the program.

(g) Participating local educational agencies shall notify participating classified employees, by June 1 during a fiscal year in which moneys are appropriated for purposes of this section, the amount of estimated state match funds that a participating classified employee can expect to receive as a result of participating in the program. After receiving that notification, a classified employee may withdraw their election to participate in the program or reduce the amount to be withheld from their paycheck pursuant to paragraph (1) of subdivision (d) by notifying the employing local educational agency no later than 30 days after the start of school instruction for the applicable school year.

(h) The local educational agency shall deposit the amounts withheld from participating classified employee monthly paychecks in accordance with the choices made by each participating classified employee pursuant to subdivision (d) in a separate account.

(i) (1) A classified employee that separates from employment with a local educational agency during the applicable school year may request from the local educational agency any pay withheld from their paycheck pursuant to this section.

(2) A classified employee, due to economic or personal hardship, may request from the local educational agency any pay withheld from their paycheck pursuant to this section.

(3) A classified employee who requests any pay withheld by the local educational agency pursuant to paragraph (1) or (2) shall not be entitled to receive any state match funds provided pursuant to this section.

(j) Participating local educational agencies shall request payment from the department, on or before July 31 following the end of a school year during which the program was operative, on a form developed by the department, for the amount of classified employee pay withheld from the monthly paychecks of participating classified employees and placed in a separate account pursuant to subdivision (h).

(k) The department may use any unexpended balance of moneys appropriated in any prior fiscal year to the department for purposes of this section to provide up to one dollar (\$1) for each one dollar (\$1) that has been withheld from participating classified employee monthly paychecks.

(l) The department shall apportion funds to participating local educational agencies within 30 days of receiving a request for payment by the participating local educational agency pursuant to subdivision (j). The apportionment shall be determined for each local educational agency by the department on the basis of the amount that has been withheld from the monthly paychecks of participating classified employees and placed in a separate account pursuant to subdivision (h).

(m) If the total amount requested by participating local educational agencies exceeds the amount appropriated for purposes of this section, the department shall prorate the amount apportioned to participating local educational agencies accordingly, based on the amounts requested pursuant to subdivision (j).

(n) The participating local educational agency shall pay participating classified employees the amounts withheld in accordance with the classified employee's choices, plus the amount apportioned by the department that is attributable to the amount withheld from that classified employee's paychecks during the applicable school year. This amount shall be paid to the participating classified employee during the summer recess period, in either one or two payments, in accordance with the classified employee's option pursuant to subdivision (d).

(o) The state match funding received by participating classified employees pursuant to this section shall not be considered compensation for purposes of determining retirement benefits for the California Public Employees' Retirement System or the California State Teachers' Retirement System.

(p) (1) For the 2019–20 fiscal year, the program shall be funded pursuant to Section 85 of Chapter 51 of the Statutes of 2019.

(2) For the 2020–21 fiscal year and each fiscal year thereafter, the operation of this section shall be contingent upon an appropriation in the annual Budget Act or another statute.

(q) For purposes of this section, the following definitions apply:

(1) "Local educational agency" means a school district, county office of education, or joint powers authority described in subdivision (a) of Section 41023 and formed pursuant to the Joint Exercise of Powers Act (Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code).

(2) "Month" means 20 days or four weeks of 5 days each, including legal holidays.

(3) "Program" means the Classified School Employee Summer Assistance Program.

(4) "Regular assignment" means a classified employee's employment during the academic school year, excluding the summer recess period.

(r) It is the intent of the Legislature that participating employees in this section include all classified employees, as defined in this chapter, including teacher assistants, that meet the specified program requirements.

**SEC. 1.5.** Section 45500 of the Education Code is amended to read:

**45500.** (a) The Classified School Employee Summer Assistance Program is hereby established.

(b) The program shall provide a participating classified employee up to one dollar (\$1) for each one dollar (\$1) that the classified employee has elected to have withheld from the classified employee's monthly paychecks pursuant to this section.

(c) A local educational agency may elect to participate in the program. A participating local educational agency shall notify classified employees, by January 1 during a fiscal year in which moneys are appropriated for purposes of this section, that the local educational agency has elected to participate in the program for the next school year. Once a local educational agency elects to participate in the program and notifies classified employees pursuant to this subdivision, the local educational agency is prohibited from reversing its decision to participate in the program for the next school year beginning after the end of a fiscal year in which moneys are appropriated for purposes of this section.

(d) (1) A classified employee who elects to participate in the program shall notify the local educational agency, in writing, by March 1 during a fiscal year in which moneys are appropriated for purposes of this section, on a form developed by the department that the classified employee wishes to participate in the program for the applicable school year. The classified employee shall specify the amount to be withheld from their monthly paychecks during the applicable school year and whether they choose to have the amounts withheld paid out during the summer recess period in either one or two payments. A participating classified employee may elect to have up to 10 percent of the classified employee's monthly pay withheld during the applicable school year.

(2) A classified employee is eligible to participate in the program if the classified employee has been employed with the local educational agency for at least one year at the time the classified employee elects to participate in the program.

(3) (A) A classified employee is eligible to participate in the program if the classified employee is employed by the local educational agency in the employee's regular assignment for 11 months or fewer out of a 12-month period. For purposes of determining a classified employee's total months employed by the local educational agency, the employing local educational agency shall exclude any hours worked by the classified employee outside of their regular assignment.

(B) For the 2020–21, 2021–22, and 2022–23 school years, for purposes of determining a classified employee's total months employed by the local educational agency, the employing local educational agency shall exclude any hours worked by the classified employee as a result of an extension of the academic school year directly related to the COVID-19 pandemic, if the hours are in addition to the employee's regular assignment and would prevent the employee from being eligible for this program.

(4) (A) A classified employee is not eligible to participate in the program if the classified employee's regular annual pay received directly from the local educational agency is more than sixty-two thousand four hundred dollars (\$62,400) for an entire school year at the time of enrollment. For purposes of determining a classified employee's regular annual pay received directly from the local educational agency, the employing local educational agency shall exclude any pay received by the classified employee during the previous summer recess period.

(B) For purposes of this section, "summer recess period" means the period that regular class sessions are not being held by a local educational agency during the months of June, July, and August. Pay earned by a classified employee with limited employment during the months of June, July, or August that is not for the summer session shall not be excluded pursuant to this paragraph.

(e) A local educational agency that elects to participate in the program shall notify the department in writing, by April 1 during a fiscal year in which moneys are appropriated for purposes of this section, on a form developed by the department that it has elected to participate in the program. The local educational agency shall specify the number of classified employees that have elected to participate in the program and the total estimated amount to be withheld from participating classified employee paychecks for the applicable school year.

(f) The department shall notify participating local educational agencies in writing, by May 1 during a fiscal year in which moneys are appropriated for purposes of this section, of the estimated amount of state match funding that a participating classified employee can expect to receive as a result of participating in the program. If the funding provided for purposes of this section is insufficient to provide one dollar (\$1) for each one dollar (\$1) that has been withheld from participating classified employee monthly paychecks, the department shall notify local educational agencies of the expected prorated amount of state match funds that a participating classified employee can expect to receive as a result of participating in the program.

(g) Participating local educational agencies shall notify participating classified employees, by June 1 during a fiscal year in which moneys are appropriated for purposes of this section, the amount of estimated state match funds that a participating classified employee can expect to receive as a result of participating in the program. After receiving that notification, a classified employee may withdraw their election to participate in the program or reduce the amount to be withheld from their paycheck pursuant to paragraph (1) of subdivision (d) by notifying the employing local educational agency no later than 30 days after the start of school instruction for the applicable school year.

(h) The local educational agency shall deposit the amounts withheld from participating classified employee monthly paychecks in accordance with the choices made by each participating classified employee pursuant to subdivision (d) in a separate account.

(i) (1) A classified employee that separates from employment with a local educational agency during the applicable school year may request from the local educational agency any pay withheld from their paycheck pursuant to this section.

(2) A classified employee, due to economic or personal hardship, may request from the local educational agency any pay withheld from their paycheck pursuant to this section.

(3) A classified employee who requests any pay withheld by the local educational agency pursuant to paragraph (1) or (2) shall not be entitled to receive any state match funds provided pursuant to this section.

(j) Participating local educational agencies shall request payment from the department, on or before July 31 following the end of a school year during which the program was operative, on a form developed by the department, for the amount of classified employee pay withheld from the monthly paychecks of participating classified employees and placed in a separate account pursuant to subdivision (h).

(k) The department may use any unexpended balance of moneys appropriated in any prior fiscal year to the department for purposes of this section to provide up to one dollar (\$1) for each one dollar (\$1) that has been withheld from participating classified employee monthly paychecks.

(l) The department shall apportion funds to participating local educational agencies within 30 days of receiving a request for payment by the participating local educational agency pursuant to subdivision (j). The apportionment shall be determined for each local educational agency by the department on the basis of the amount that has been withheld from the monthly paychecks of participating classified employees and placed in a separate account pursuant to subdivision (h).

(m) If the total amount requested by participating local educational agencies exceeds the amount appropriated for purposes of this section, the department shall prorate the amount apportioned to participating local educational agencies accordingly, based on the amounts requested pursuant to subdivision (j).

(n) The participating local educational agency shall pay participating classified employees the amounts withheld in accordance with the classified employee's choices, plus the amount apportioned by the department that is attributable to the amount withheld from that classified employee's paychecks during the applicable school year. This amount shall be paid to the participating classified employee during the summer recess period, in either one or two payments, in accordance with the classified employee's option pursuant to subdivision (d).

(o) The state match funding received by participating classified employees pursuant to this section shall not be considered compensation for purposes of determining retirement benefits for the California Public Employees' Retirement System or the California State Teachers' Retirement System.

(p) (1) For the 2019–20 fiscal year, the program shall be funded pursuant to Section 85 of Chapter 51 of the Statutes of 2019.

(2) For the 2020–21 fiscal year and each fiscal year thereafter, the operation of this section shall be contingent upon an appropriation in the annual Budget Act or another statute.

(q) For purposes of this section, the following definitions apply:

(1) "Local educational agency" means a school district, county office of education, or joint powers authority described in subdivision (a) of Section 41023 and formed pursuant to the Joint Exercise of Powers Act (Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code).

(2) "Month" means 20 days or four weeks of 5 days each, including legal holidays.

(3) "Program" means the Classified School Employee Summer Assistance Program.

(4) "Regular assignment" means a classified employee's employment during the academic school year, excluding the summer recess period.

(r) It is the intent of the Legislature that participating employees in this section include all classified employees, as defined in this chapter, including teacher assistants, that meet the specified program requirements.

(s) Commencing with the annual Budget Act for the 2023–24 fiscal year, and notwithstanding Section 1.80 of the annual Budget Act, the funds appropriated in Item 6100-220-0001 of the annual Budget Act shall be available for encumbrance during both the fiscal year in which the funds are appropriated and the immediately following fiscal year.

**SEC. 2.** Section 1.5 of this bill incorporates amendments to Section 45500 of the Education Code proposed by this bill, Assembly Bill 147, and Senate Bill 147. That section of this bill shall only become operative if (1) this bill and either Assembly Bill 147 or Senate Bill 147 is enacted and becomes effective on or before January 1, 2026, (2) this bill and either Assembly Bill 147 or Senate Bill 147, as enacted, amends Section 45500 of the Education Code, and (3) this bill is enacted last of these bills amending Section 45500 of the Education Code, in which case Section 45500 of the Education Code, as amended by either Assembly Bill 147 or Senate Bill 147, whichever is operative, shall remain operative only until the operative date of this bill, at which time Section 1.5 of this bill shall become operative, and Section 1 of this bill shall not become operative.