

AMENDED IN SENATE JUNE 23, 2010

AMENDED IN ASSEMBLY APRIL 27, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 2335

Introduced by Assembly Member Brownley

February 19, 2010

An act to add *Section 41055 to, and to add* and repeal Section 41054 of, the Education Code, relating to education finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2335, as amended, Brownley. Education finance: school-based financial reporting system.

Existing law establishes the public school system in this state, and, among other things, provides for the establishment of school districts throughout the state and for their provision of instruction at the public elementary and secondary schools they operate and maintain. Existing law establishes a public school funding system that includes, among other elements, the provision of funding to local educational agencies through state apportionments, the proceeds of property taxes collected at the local level, and other sources.

This bill would express findings and declarations of the Legislature with respect to the school funding system in the state. This bill would require the Superintendent of Public Instruction to study prescribed topics relating to the statutory, regulatory, ministerial, and programmatic changes that would be necessary to support the development, implementation, and use of comprehensive school-level financial data and to make recommendations to the Legislature and the Governor about these topics on or before December 1, 2011. These provisions

would be repealed on December 1, 2015. *This bill would also require the Superintendent, on or before July 1, 2011, and annually thereafter, to notify the superintendent of each school district and county office of education, and the administrator of each charter school, of specified items relating to tracking and reporting school-level financial data.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
 2 following:

3 (a) The 22 studies of the Getting Down to Facts Project and the
 4 Governor’s Committee on Education Excellence were consistent
 5 in their conclusions that California’s current education finance
 6 system is overly complex, irrational, and burdensome, and is in
 7 need of a long-term plan for comprehensive reform.

8 (b) The complexity of the current system poses a major obstacle
 9 to transparency and effectiveness. It is almost impossible to
 10 determine how much revenue each school district receives or how
 11 those revenues are spent, let alone to report this information to
 12 local communities, stakeholders, and the state.

13 (c) The current system is not logical, with district revenues that
 14 are largely a historical artifact of spending in the 1970s, combined
 15 with a confusing and burdensome system of categorical programs.
 16 Disparities in school and district revenues are substantial, and are
 17 not aligned to pupil or educator needs.

18 (d) The system places substantial restrictions on the use of
 19 resources by schools and districts, creating high compliance costs
 20 and making it difficult for local educators to respond to the needs
 21 of their pupils. Fewer paperwork requirements and more flexibility
 22 in allocating resources are cited by school principals as two of the
 23 most important factors in improving pupil outcomes.

24 (e) Many schools and districts lack the proper tools or capacity
 25 to ensure that money is spent on the most effective programs and
 26 practices. Research consistently finds that successful schools use
 27 data to inform teaching practices and innovation. However,
 28 California schools and districts vary widely in their use of data
 29 and in their capacity to use data to improve pupil performance.

1 (f) Ensuring that money is spent efficiently and effectively
2 requires a complete understanding of how money is allocated by
3 school districts and spent within schools. However, California
4 does not collect financial data that is useful for determining the
5 effectiveness of resources at the state, district, or school levels.

6 (g) Therefore, it is the intent of the Legislature to do both of the
7 following:

8 (1) Support accountability by increasing the transparency of
9 state funding mechanisms and of expenditure decisions at the local
10 level.

11 (2) Improve the reporting of financial data so that programmatic
12 investments can be linked to programs at school sites that increase
13 pupil achievement.

14 SEC. 2. Section 41054 is added to the Education Code, to read:

15 41054. (a) On or before December 1, 2011, the Superintendent
16 shall make recommendations to the Legislature and the Governor
17 concerning the statutory, regulatory, ministerial, and programmatic
18 changes that would be necessary to support the development,
19 implementation, and use of comprehensive school-level financial
20 data that would be used to produce all of the following:

21 (1) Simple to use, transparent, and informative school-level
22 financial reports showing both the source of school-level revenue
23 and the expenditures made by each school.

24 (2) In-depth analyses of school-level financial data including,
25 but not necessarily limited to, analyses by fund source, function,
26 program, and object.

27 (3) Comparisons of financial data across schools, both within
28 the district and outside of the district, and over time.

29 (4) Linkages between school-level financial, demographic,
30 programmatic, and academic achievement data so as to facilitate
31 program and policy evaluation.

32 (5) A comprehensive means for the education community,
33 policymakers, researchers, and the public to easily access
34 information about all aspects of the performance of each school
35 in the state.

36 (b) The Superintendent's recommendations made pursuant to
37 subdivision (a) shall focus on all changes that are necessary to
38 support a future local educational agency requirement for
39 school-level financial data reporting and to support the

1 comprehensive uses described in subdivision (a). These
 2 recommendations shall address, but not necessarily be limited to:
 3 (1) Modifications to the standardized account code structure.
 4 (2) Modifications to the California School Accounting Manual.
 5 (3) Modifications to financial regulations imposed upon or other
 6 instructions provided to school districts, county offices of
 7 education, or charter schools.
 8 (4) Modifications to the School Accountability Report Card.
 9 (5) Changes to existing data collections or the implementation
 10 of new data collections.
 11 (6) Changes to the state’s Education Information System,
 12 especially to facilitate the linking of school financial, demographic,
 13 and pupil program data.
 14 (7) Changes to the state’s hardware and software support or
 15 capacity, or other information technology needs that would be
 16 necessary to support publicly available school-level data analysis
 17 and evaluative tools, as well as publicly available school-level
 18 reports.
 19 (c) It is the intent of the Legislature that the Superintendent, in
 20 making the recommendations pursuant to this section, shall do
 21 both of the following:
 22 (1) Build upon previous research, reports, evaluations, audits,
 23 and studies.
 24 (2) Develop the recommendations in consultation with
 25 policymakers, members of the education community, members of
 26 the public, and other stakeholders.
 27 (d) (1) A report to be submitted pursuant to subdivision (a) shall
 28 be submitted in compliance with Section 9795 of the Government
 29 Code.
 30 (2) Pursuant to Section 10231.5 of the Government Code, this
 31 section is repealed on December 1, 2015.
 32 *SEC. 3. Section 41055 is added to the Education Code, to read:*
 33 *41055. (a) On or before July 1, 2011, and annually thereafter,*
 34 *the Superintendent shall notify the superintendent of each school*
 35 *district and county office of education, and the administrator of*
 36 *each charter school, of both of the following:*
 37 *(1) The capacity for the tracking and reporting of school-level*
 38 *financial data using the standardized account code structure*
 39 *developed by the department and used for the purpose of financial*
 40 *accounting and reporting in public schools and districts.*

1 (2) *Directions for using the standardized account code structure*
2 *to track and report school-level financial data.*
3 (b) *The notification made pursuant to subdivision (a) shall be*
4 *updated as necessary each year to include any statutory changes*
5 *that result from the recommendations made by the Superintendent*
6 *pursuant to Section 41054.*

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