

CITY OF OAKLAND

BILL ANALYSIS

Date: May 28, 2009

Bill Number: AB 8

Bill Author: Brownley



FILED
OFFICE OF THE CITY CLERK
OAKLAND
2009 MAY 14 PM 6:09

DEPARTMENT INFORMATION

Contact: Xiaojing Wang, District 3
238-7031
xwang@oaklandnet.com

RECOMMENDED POSITION: SUPPORT

Summary of the Bill

AB (Brownley) requires the Director of Finance and the Legislative Analyst to convene a working group to make findings and recommendations to the Legislature and the Governor regarding the implementation of a restructured California school finance system, as specified. This measure further requires the working group to present its findings and recommendations on or before December 1, 2010.

Specifically, this bill:

- 1) Requires the working group to consist of representatives of the Governor, Superintendent of Public Instruction (SPI), and majority and minority staff of the appropriate policy and fiscal committees of the Assembly and Senate.
- 2) Requires the working group to make findings and recommendations regarding the following:
 - a) Alternative structures for funding public schools, including, but not limited to, stability of funding, reporting of financial data, and allocation of consistent additional resources to local education agencies (LEAs).
 - b) Means of transitioning the current funding structure to the new structure, as specified. The bill further discusses the conditions that should be in place before a transition begins, including the extent to which LEAs will be held harmless in funding and an equalization component for the transition of new funding.
 - c) Costs associated with implementing new school funding structures, as specified.

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- d) Evaluation mechanisms to facilitate continuous improvement, maximum transparency, and accountability.

Positive Factors for Oakland

California's school finance system is extremely complex, outdated and an impediment to significant progress in K-12 education in Oakland.

In March 2007, the Institute for Research on Education Policy & Practice released *Getting Down to Facts: School Finance and Governance in California*, a research project intended to provide policymakers and the public with comprehensive information about the status of the state's school finance and governance systems. In the area of school finance, the reports argue that the current funding formula for K-12 education is *not meeting student outcome goals, especially for students in poverty*. Likewise, the reports conclude that more money in the current finance system is *unlikely* to dramatically improve student achievement, unless accompanied by significant policy reforms.

This bill will convene a working group to create a simple, more accountable school finance system better aligned to the educational needs of students. A restructured finance system will also make funding decisions and funding streams of school districts more transparent.

With a more transparent finance system in place, municipalities such as the City of Oakland can better target any support they provide to local schools.

Negative Factors for Oakland
NONE KNOWN

PLEASE RATE THE EFFECT OF THIS MEASURE ON THE CITY OF OAKLAND:

- Critical** (top priority for City lobbyist, city position required ASAP)
- Very Important** (priority for City lobbyist, city position necessary)
- Somewhat Important** (City position desirable if time and resources are available)
- Minimal or** **None** (do not review with City Council, position not required)

Known support:

Californians for Justice
California ACORN
California Association of School Business Officials
California Federation of Teachers
California School Boards Association
California State PTA
California Teachers Association
EdVoice
Girls Incorporated of Alameda County
InnerCity Struggle
Parent Leadership Action Network
PICO California
Public Advocates
San Diego Unified School District
San Francisco Unified School District
Youth In Focus
Youth Together

Known Opposition:

None on file

Attach bill text and state/federal legislative committee analysis, if available.

Respectfully Submitted,

Councilmember Nadel

Prepared by Xiaojing Wang

Approved for Forwarding to
Rules Committee

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Office of City Administrator

AMENDED IN ASSEMBLY MARCH 26, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 8

Introduced by Assembly Member Brownley

December 1, 2008

An act to add Section 41054 to the Education Code, relating to education finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 8, as amended, Brownley. Education finance: working group.

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 Director of Finance and the Legislative Analyst to convene a working group to make findings and recommendations to the Legislature and the Governor on or before December 1, 2010, regarding restructuring California's school finance system. The bill would require those findings and recommendations to include, among other things, alternative structures for funding public schools, the policy and fiscal implications of the alternative funding structure or structures, and an evaluation mechanism to facilitate continuous improvement, maximum transparency, and accountability of the funding structures.

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.
- 30 (f) Ensuring that money is spent efficiently and effectively
31 requires a full understanding of how money is allocated by school
32 districts and spent within schools. However, California does not
33 collect financial data that is useful for determining the effectiveness
34 of resources at the state, district, or school levels.

1 (g) Therefore, it is the intent of the Legislature to do all of the
2 following:

3 (1) Build on previous research and recommendations to produce
4 a comprehensive plan for finance reform to support pupil
5 achievement, with specific consideration given to the interactions
6 of incentives in school finance formulas.

7 (2) Establish simpler formulas for allocating funding to each
8 local educational agency.

9 (3) Make the allocation of funding more rational *and equitable*
10 so that the revenues received by each local educational agency
11 reflect the *actual* cost of educating pupils with varying needs in
12 varying environments, *so that all pupils are prepared at the end*
13 *of their elementary and secondary education for college, careers,*
14 *and successful participation in our democratic institutions, no*
15 *matter where they live or what their economic, racial, or ethnic*
16 *background may be.*

17 (4) Support accountability by increasing the transparency of
18 state funding mechanisms and of expenditure decisions at the local
19 level.

20 (5) Improve the reporting of financial data so that programmatic
21 investments can be linked to programs that increase pupil
22 achievement.

23 (6) Support continuous improvement by requiring periodic
24 review of the school finance system and of local resource decisions.

25 (7) Hold local educational agencies harmless, and transition to
26 the new system gradually, as new moneys become available.

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

28 41054. (a) The Director of Finance and the Legislative Analyst
29 shall convene a working group to make findings and
30 recommendations to the Legislature and the Governor regarding
31 ~~restructuring California's~~ *the implementation of a restructured*
32 *California* school finance system as set forth in subdivision (b).

33 (1) In addition to the Department of Finance and the Legislative
34 Analyst, the working group shall be composed of representatives
35 of the Governor, representatives of the Superintendent of Public
36 Instruction, and majority and minority staff of the appropriate
37 policy and fiscal committees of the Assembly and Senate.

38 (2) The working group shall consult with, or invite the
39 participation of, organizations or experts it deems appropriate to
40 accomplish its tasks.

- 1 (3) In its deliberations, the working group shall consider and
2 give appropriate weight to the findings and recommendations of
3 the Governor's Committee on Education Excellence and to the
4 research results embodied in the Getting Down to Facts Project.
5 *sequence of recent research, findings, and recommendations*
6 *beginning with the Getting Down to Facts Project and leading to*
7 *the report of the Governor's Committee on Education Excellence*
8 *and other subsequent research papers and reports, and shall draw*
9 *upon, rather than repeat, those efforts.*
- 10 (b) The working group shall make findings and
11 recommendations regarding all of the following:
- 12 (1) Alternative structures for funding public schools that shall
13 include, but not necessarily be limited to, all of the following
14 characteristics:
- 15 (A) Simple formulas for allocating funding to each local
16 educational agency.
- 17 (B) Rational *and equitable* allocation of funding so that the
18 revenues received by each local educational agency reflect the cost
19 of educating pupils with varying needs in varying environments,
20 *including, but not necessarily limited to, pupils in poverty and*
21 *English learners.*
- 22 (C) *Predictability and stability of funding so that local*
23 *educational agencies can effectively plan for the future.*
- 24 ~~(C) A funding structure that supports~~
- 25 (D) *Support for* accountability by providing transparency of
26 state revenue allocation rules as well as expenditure decisions at
27 the local level.
- 28 ~~(D) A funding structure that facilitates~~
- 29 (E) *Facilitation of the* reporting of financial data so that
30 programmatic investments can be linked to pupil achievement.
- 31 ~~(E) A funding structure that allocates~~
- 32 (F) *Allocation of* consistent additional resources to school
33 districts and county offices of education on the basis of exogenous
34 characteristics of the local educational agency and its students that
35 research has shown clearly affect the costs of educating pupils.
- 36 ~~(F) A funding structure that recognizes~~
- 37 (G) *Recognition of* the financial consequences of growth or
38 decline in the number of students served.
- 39 ~~(G) A funding structure that reinforces~~
- 40 (H) *Reinforcement of* the academic goals of the public schools.

- 1 (2) ~~Pathways to transition~~ *A means of transitioning* from the
2 current school funding structure to the ~~more desirable and~~
3 ~~comprehensive alternative~~ *new* structure or structures identified
4 pursuant to paragraph (1), ~~and a specific mechanism to initiate the~~
5 ~~transition~~ *only* as increased funding becomes available in future
6 years. In particular, the findings and recommendations shall
7 address:
- 8 (A) The conditions that should be in place before a transition
9 begins.
- 10 (B) The length of time that is necessary or appropriate to
11 transition to a new funding structure.
- 12 ~~(C) The manner in which local educational agencies should be~~
13 ~~held harmless during a transition period from revenue changes~~
14 ~~associated with a new funding structure.~~
- 15 (C) *The extent to which local educational agencies will be held*
16 *harmless during a transition from the current school funding*
17 *structure to the new system, if that transition is based only on new*
18 *funding.*
- 19 (D) An equalization component for the transition to the new
20 funding structure, based on the characteristics identified in
21 subparagraphs (B) and (E) of paragraph (1).
- 22 (E) How and when to eliminate unnecessary statutory and
23 budgetary elements of the current school funding structure.
- 24 (3) The policy and fiscal implications of the alternative funding
25 structure or structures identified pursuant to paragraph (1). In
26 particular, the findings and recommendations shall address all of
27 the following:
- 28 (A) Costs associated with implementing new school funding
29 structures.
- 30 (B) Trade offs inherent among the characteristics set forth in
31 paragraph (1).
- 32 (C) Equity considerations.
- 33 (D) Incentives and disincentives that new school funding
34 structures may create or eliminate.
- 35 (E) Governance considerations.
- 36 (4) Modifications to the standardized account code structure to
37 provide school-level reports on revenue and expenditures to
38 facilitate easy comparisons across schools and districts, including
39 comparisons of school, district, and statewide demographics and
40 academic performance, and data on program-level expenditures.

1 (5) An evaluation mechanism to facilitate continuous
2 improvement, maximum transparency, and accountability of the
3 primary funding structures, as well as a consistent process to
4 evaluate the effectiveness of any specific programs that are funded
5 separately.

6 (c) The working group shall present its findings and
7 recommendations to the Legislature and the Governor on or before
8 December 1, 2010.

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OAKLAND

2009 MAY 14 PM 6:09

Approved as to Form and Legality

Oakland City Attorney's Office

DRAFT

OAKLAND CITY COUNCIL

Resolution No. _____ C.M.S.

Introduced by Councilmembers Nadel

Resolution In Support of Assembly Bill 8 (Brownley), Which Convenes A Working Group To Make Recommendations To The Legislature And Governor Regarding Restructuring Of California's Education Finance System

WHEREAS, California's current school finance system is extremely complex, outdated and lack transparency; and

WHEREAS, California's schools and districts are facing revenue inequities; and

WHEREAS, California's schools and districts are facing a lack of data, effective data systems, and ability to use such data - all of which are shown by research to be important to successful schools and districts.

WHEREAS, California's schools and districts are facing the specific lack of information on and understanding of how money is allocated to schools within any school district; and

WHEREAS, California's current school finance system is an impediment to significant progress in K-12 education in the City of Oakland; and

WHEREAS, AB 8 (Brownley) is the first step towards developing a comprehensive plan for school finance reform, simplifying and improving rationality and equity in the system, and supporting accountability through improved transparency and reporting; and

WHEREAS, with a more transparent finance system in place, municipalities such as the City of Oakland can better target any support they provide to local schools; now, therefore be it

RESOLVED: The City of Oakland declares its support for AB 8 (Brownley); and be it

FURTHER RESOLVED: That the City Council hereby directs the City Administrator and the City's legislative lobbyist to advocate for the above position in the California State Legislature.

DRAFT

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2009

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID AND
PRESIDENT BRUNNER

NOES -

ABSENT -

ABSTENTION -

ATTEST:

LATONDA SIMMONS
City Clerk and Clerk of the Council of
the City of Oakland, California

DRAFT