

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: Original
POSITION: Oppose

BILL NUMBER: SB 146
AUTHOR: J. Scott

BILL SUMMARY: School Finance: Attendance and Enrollment

This bill would change the unit of revenue limit funding from average daily attendance (ADA) to average monthly enrollment (AME) effective for the 2008-09 fiscal year.

Under existing law, ADA is the funding basis for general-purpose apportionments and some categorical programs, and is a key driver of the Proposition 98 minimum guarantee. ADA represents the number of days a pupil is actually present in class divided by the number of days in the school year.

Current law (Education Code §46305) also requires districts to report "active enrollment" as of the third Wednesday of each school month. Active enrollment is defined as the count of pupils enrolled on the first day of the school year, plus all later enrollees, minus all withdrawals since that day.

FISCAL SUMMARY

The author's office advises that this funding change is cost-neutral. However, Finance is concerned that the provisions regarding the conversion factor are unclear, and therefore, this lack of clarity could increase revenue limit funding by the difference between AME and ADA.

COMMENTS

Finance opposes this bill for the following reasons:

- The Administration vetoed a nearly identical bill (SB 1680, Perata) in 2006, stating that such a significant change in how the state funds schools could negatively impact student attendance and should be done only after careful research and review.
Finance notes that an ADA funding system creates a strong incentive for districts to ensure that the state's children actually attend school, while an AME funding system could exaggerate actual school attendance.

Analyst/Principal (0352) B. Taylor Date Program Budget Manager Jeannie Oropeza Date

Department Deputy Director Date

Governor's Office: By: Date: Position Approved Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

AUTHOR

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- This bill expresses intent to reduce local administrative costs by streamlining the attendance system through the use of AME, however Finance questions whether or not districts would generate any savings as they would still need to collect daily attendance for the purpose of enforcing truancy laws.
- Finance notes that this bill would only alter the attendance accounting for school districts, and questions why county offices of education should not be included in such a change.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP	2006-2007		2007-2008		2008-2009		Fund
	RV	98	FC	FC	FC	FC	FC	FC	Code
6110/Dept of Educ	LA	Yes		--		--	C	\$1,700,000	0001