

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 15, 2010
POSITION: Oppose

BILL NUMBER: AB 2083
AUTHOR: Assembly Education

BILL SUMMARY: School Accountability - Lowest 5 Percent of Schools

Until sufficient longitudinal student data is available, this bill would require the Superintendent of Public Instruction (SPI) and the State Board of Education (Board) to use existing data to approximate the high school graduation rate for each of the last three years to help establish a list of the state's persistently-lowest achieving (PLA) schools.

FISCAL SUMMARY

This bill would create minor absorbable costs for the State Department of Education (SDE) to re-create the list of PLA schools based on graduation rate calculated for each of the last three years.

COMMENTS

The Department of Finance is opposed to this bill for the following reasons:

- This bill is not timely. The SPI and the Board have already created a list of the state's PLA schools based on a federally-approved methodology that selects high schools identified as having a graduation rate below 60 percent for each of the last four years. Moreover, the SDE included this list and the methodology in its application for a federal School Improvement Grant (SIG) award that was approved by the federal government in June 2010.
This bill is unnecessary. The bill intends to address the unavailability of four year's longitudinal data by requiring the SDE to use the closest approximation of four-year-cohort high school graduation rates until longitudinal data is available. However, pursuant to federal regulations and consistent with state law, the SDE requested and has received federal approval to use a transitional methodology that uses National Center for Educational Statistics (NCES) aggregated four-year completer rate data until longitudinal data is available. The use of NCES data complies with Section 200.19(b) of Title 34 of the Code of Federal Regulations.
This bill could result in invalidation of the state's federal SIG award and would likely stall school reforms that are supposed to begin in the 2010-11 school year by requiring the use of the closest approximation of a graduation rate, calculated for each of the previous three years, rather than four.

SBX5 1 implemented education reforms to, among other things, make California more competitive for federal Race to the Top (RTTT) funds. One reform required the SPI and the Board to use a specified methodology to identify the lowest five percent of PLA schools. In addition, the statute required inclusion on that list any high school with a graduation rate, as defined in Section 200.19(b) of Title 34 of the Code of Federal Regulations, below 60 percent in each of the previous three years.

The federally-required methodology for calculating the graduation rate for the SIG, RTTT, and School Fiscal Stabilization Fund programs requires, by July 2010, the use of longitudinal pupil data for four year graduating cohorts over a number of years unless a transitional method is approved by the U.S. Department

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

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of Education (USDOE) until longitudinal data is available. The state currently lacks sufficient years of longitudinal student data to calculate four-year cohorts. This bill would authorize the SDE to use the closest approximation of four-year graduating-cohort data available.

Based on the advice of USDOE staff, the SDE used NCES aggregated four-year completer rate data to approximate the high school graduation rate, calculated for each of the last four years. The last half of this methodology—the graduation rate calculated for each of the last **four** years—is not consistent with existing state law, which requires a calculation for each of the last **three** years. However, state law also links the graduation rate methodology to federal regulations. As a result, this methodology was included in the state’s application for a federal SIG award, the resulting list of PLA schools was released at a public meeting of the Board in March 2010, and the state’s SIG application and the methodology were approved by the USDOE in June 2010.

This bill intends to address the concern that the methodology used by the SDE does not use longitudinal data as required by SBX5 1 when that statute required inclusion on that list any high school with a graduation rate as defined in Section 200.19(b) of Title 34 of the Code of Federal Regulations. However, because that section of federal regulations permits the state to request approval of a transitional methodology until longitudinal data is available, the SDE has complied with both federal regulations and state law.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code	
	LA	(Dollars in Thousands)								
	CO	PROP	2010-2011		2011-2012		2012-2013			
	RV	98	FC	FC	FC	FC				
6110/Dept of Educ	SO	No	----- No/Minor Fiscal Impact -----							0001