

Date of Hearing: June 26, 2024

ASSEMBLY COMMITTEE ON EDUCATION  
Al Muratsuchi, Chair  
SB 897 (Newman) – As Amended May 16, 2024

**SENATE VOTE:** 38-0

**SUBJECT:** Pupil attendance: interdistrict attendance: school districts of choice

**SUMMARY:** Eliminates the sunset date and instead extends the District of Choice (DOC) program indefinitely; eliminates the 10% lifetime cap on student transfers out of a district of residence with less than 50,000 average daily attendance (ADA); increases the annual cap on student transfers out of a district of residence with less than 50,000 ADA to 10%; and requires DOCs to accept student transfers for foster youth and homeless youth. Specifically, **this bill:**

- 1) Deletes the sunset date for the DOC program and instead authorizes the DOC program indefinitely.
- 2) Deletes the 10% lifetime cap on student transfers out of a district of residence with less than 50,000 ADA.
- 3) Raises the annual cap on student transfers out of a district of residence with less than 50,000 ADA from 3% to 10%.
- 4) Prohibits a DOC from denying admission to a foster or homeless youth.
- 5) Requires a DOC to provide second attendance priority to foster youth and homeless youth.
- 6) Requires a DOC to collect information on the number of students transferring into and out of the DOC who are foster youth and homeless youth.
- 7) Requires communications to parents by DOCs to be factually accurate and not target individual parents or residential neighborhoods on the basis of a pupil's proficiency in English, any of the individual characteristics set forth in Section 200, or family income.

**EXISTING LAW:**

- 1) Authorizes a school board to declare the district to be a DOC willing to accept a specified number of inter-district transfers without the approval of the district of residence. A DOC is not required to admit pupils, but it is required to select those pupils that it does elect to admit through a random process that does not choose pupils based upon academic or athletic talent, physical condition, proficiency in English, any of the individual characteristics set forth in Section 200, and family income.
- 2) Requires each DOC to register with the Superintendent of Public Instruction (SPI) and the county board of education prior to admitting pupils.
- 3) Authorizes a DOC to reject the transfer of a pupil if the transfer of that pupil would require the district to create a new program to serve that pupil, except that a DOC is prohibited from

rejecting the transfer of a special needs pupil, including an individual with exceptional needs, and an English learner.

- 4) Requires a DOC to give attendance priority as follows:
  - a) First priority to siblings of children already in attendance in that district;
  - b) Second priority to pupils eligible for free or reduced-price meals; and
  - c) Third priority to children of military personnel.
- 5) Authorizes a school district of residence to limit transfers to a DOC as follows:
  - a) A school district of residence with an ADA greater than 50,000 to limit the number of pupils transferring out each year to 1% of its current year estimated ADA;
  - b) A school district of residence with an ADA of 50,000 or less may limit the number of pupils transferring out to 3% of its current year estimated ADA and may limit the maximum number of pupils transferring out for the duration of the program authorized by this article to 10% of the ADA for that period; and
  - c) A school district of residence that has a negative status on the most recent budget certification completed by the county superintendent of schools in any fiscal year may limit the number of pupils who transfer out of the district in that fiscal year.
- 6) Establishes, for a DOC that is a basic aid school district, the apportionment of state funds for ADA credited to be 25% of the school district Local Control Funding Formula (LCFF) base grant that would have been apportioned to the school district of residence.
- 8) Requires each DOC to keep records of:
  - a) The number of requests granted, denied, or withdrawn, as well as the reasons for the denials;
  - b) The number of pupils transferred out of the district;
  - c) The number of pupils transferred into the district;
  - d) The race, ethnicity, gender, socioeconomic status, and district of residence for each student in b and c above; and,
  - e) The number of pupils in b and c above who are English Learners or individuals with exceptional needs.
- 9) Requires each DOC to notify each district of residence by February 15<sup>th</sup> regarding the number of accepted students by grade level.
- 10) Upon request of the pupil's parent, each school district of choice that admits a pupil to any school or program of the school district may provide to the pupil transportation assistance to

that school or program, to the extent that the school district otherwise provides transportation assistance to pupils.

- 11) Authorizes a district of residence to prevent a student transfer if the transfer would exacerbate racial segregation.
- 12) Sunsets the DOC program on July 1, 2028, and repeals the program on January 1, 2029. (Education Code (EC) 48300-48316)

**FISCAL EFFECT:** According to the Senate Appropriations Committee, there will be no significant costs to the state associated with the extension of the DOC program. However, there would be a local impact to a participating school district's ADA, which could vary depending on the type of district, the number of students that transfer, and whether the student qualifies for supplemental or concentration grant funding under the Local Control Funding Formula (LCFF).

**COMMENTS:**

***Need for the bill.*** According to the author, "The District of Choice program gives students and families the flexibility to choose a public school setting that is best suited to their educational needs and plans. Making the program permanent will provide much-needed certainty for the thousands of families across California whose children attend school through the District of Choice program. These families have been able to avail themselves of educational opportunities that otherwise would be closed off to them, and they're entitled to the assurance that their students will be able to graduate alongside their friends and classmates, regardless of home address or the politics here in Sacramento."

***Background on the DOC program.*** Under the DOC program, the governing board of any school district may declare the district to be a DOC willing to accept a specified number of inter-district transfers. A DOC is not required to admit pupils but is required to select those pupils that it does elect to admit through a random process, and they are prohibited from choosing pupils based upon specified factors. The DOC program was established in 1993 as a five-year pilot, with the first transfers occurring in the 1995-96 school year. The Legislature extended the program for five more years in 1999, followed by additional extensions in 2004, 2007, 2009, 2015, 2017, and 2022. The most recent extension authorized the program until July 1, 2028. The Legislature has made several changes to the program as part of these reauthorizations, most of which took effect in 2018-19. The most notable changes involved:

- 1) Making DOCs subject to annual audits;
- 2) Requiring the California Department of Education (CDE) to collect and report data;
- 3) Adding transfer priority for low-income students;
- 4) Authorizing DOCs to provide transportation to students upon request;
- 5) Reducing funding for basic aid districts; and
- 6) Requiring districts to make application information available online.

Under existing law, when a student transfers to a DOC, the state pays average daily attendance (ADA) for the student at both their district of residence and the DOC for either one or three years, depending on the declining enrollment adjustment calculation done by the district of residence. This means the state is paying twice for every student who transfers under the DOC program.

***Differences between the DOC program and other interdistrict transfer options.*** Unlike the main interdistrict transfer law, the DOC law does not require agreement between the district of residence and the receiving district in order for the receiving district (DOC) to admit interdistrict transfers. The district of residence has little say in the transfer process, except that districts with 50,000 or less ADA may limit the maximum number of transfers each year to 3% of their ADA and may limit transfers for the duration of the program to 10% of their ADA. Districts with more than 50,000 pupils in attendance may refuse to transfer more than 1% of their ADA. A district of residence may also prevent a transfer under this law if the transfer would have a negative impact on a court-ordered or voluntary desegregation plan or the racial and ethnic balance of the district.

***Repealing the 10% lifetime cap.*** The bill repeals the authorization for districts with less than 50,000 ADA to cap the maximum number of students transferring out at 10% for the duration of the program and instead makes the cap an annual 10% rolling cap. This means that as seniors graduate, more students could transfer out of the district. Without a maximum cap for the duration of the program, districts will be unable to cap the total number of students transferring out of their district over time. The ***Committee may wish to consider*** the negative fiscal impacts on districts this change will bring. A handful of districts have hit the 10% lifetime cap and have stopped transfers. For those districts, this policy change would be like pulling the fiscal rug out from under them. Their enrollment has only recently started to recover, and this will end that financial stability. The ***Committee may wish to consider*** whether to maintain the 10% lifetime cap.

***DOC program promotes racial segregation.*** Pomona Unified School District has collected data to show that the DOC program is causing racial segregation in their school district. According to Pomona Unified School District, “Despite the Pomona Unified School District's student population being 85% Hispanic, 60% of the students approved from the local District of Choice were Asian and Caucasian.”

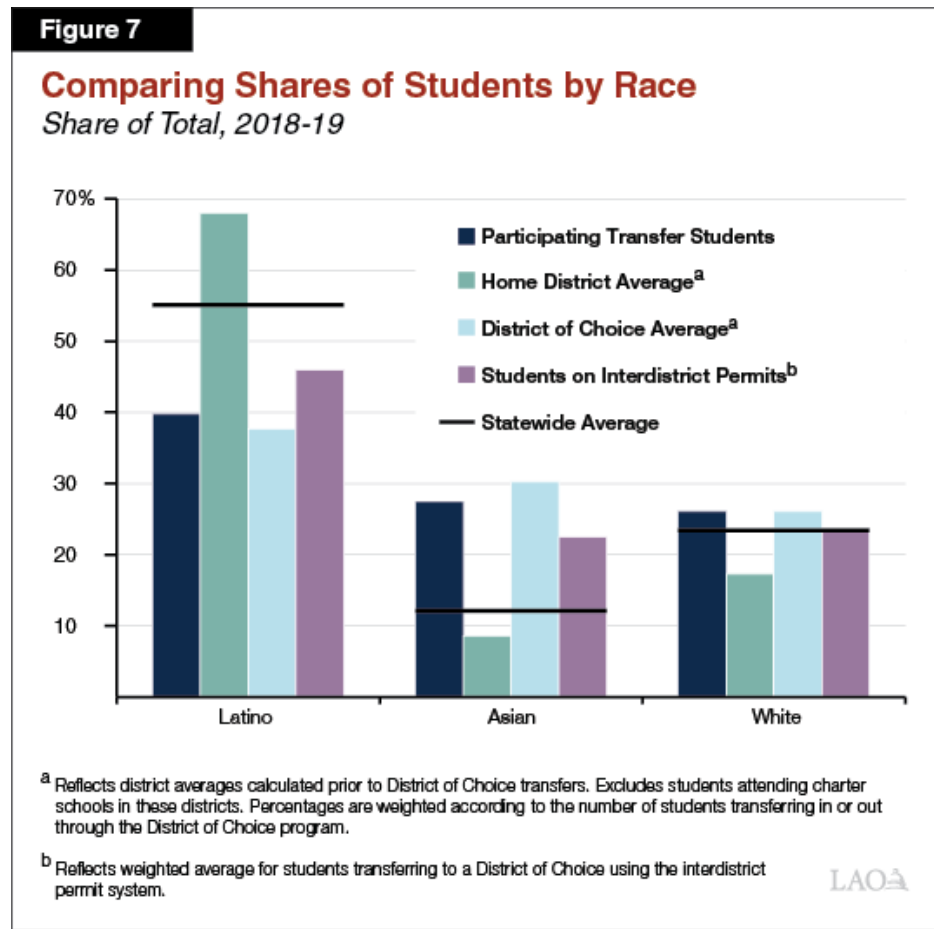
Data from the CDE’s DOC website reveals that 2,574 students from 68 different districts have transferred into the Walnut Valley Unified School District. Notably, 68% of these students are Asian or Caucasian. Interestingly, many of the 68 contributing districts have demographic profiles similar to the Pomona Unified School District, where the majority of students are Hispanic or Latino.

Similar discrepancies exist in the Las Virgenes Unified School District (LVUSD). Whereas only 5% of LVUSD's enrollment is Asian, 30% of DOC transfers to Oak Park Unified School District identify as Asian. Additionally, 40% of LVUSD students are low-income, English Learner, and/or a student with a disability, but only 20% of DOC transfers to Oak Park include students in these demographics.

Data from Conejo Valley Unified School District (CVUSD) also shows that its local DOC is serving high needs students, such as students with disabilities and English Learners at much lower rates.

These examples are consistent with the analysis done by the LAO, and they highlight the long standing concerns of the DOC program that low-income and minority students are not able to access the benefits of the program due to a lack of transportation and other program challenges.

Based on this evidence, it appears that the DOC program is further segregating California public schools.



According to the Legislative Analyst’s Office (LAO), “Asian Students Participate at the Highest Levels Relative to Their Share of Home District Enrollment. After analyzing trends in overall participation, we examined relative participation levels for the three largest groups of students using the program. Figure 7 compares the share of students using the program with the average among home districts. Although Latino students account for the largest users of the program, they participate at

relatively low levels compared with their overall share of home district enrollment. Specifically, they average 68 percent of home district enrollment but only 40 percent of participating transfer students. By contrast, Asian students have relatively high participation, accounting for 9 percent of home district enrollment and 28 percent of participating transfer students. White students also have relatively high participation, accounting for 17 percent of home district enrollment and 26 percent of participating students. As the figure shows, these trends are not unique to the District of Choice program. Similar differences in participation are evident in the interdistrict permit system.”

**Busing reduces segregating effect on the DOC program.** Pond Union School District is a DOC, and the data from their district tells a different story. Pond enrolls a *higher* percentage of low-income and Hispanic students than the sending district’s corresponding percentage of those student populations. Pond pays for a bus to pick up students in the districts where they enroll children. In years past, Pond received 94% Hispanic students from Delano, and the population of Hispanic students in Delano was 88%. Pond also received 96% low-income students from Delano, and the population of low-income students at Delano was 92%. Pond received 80% low income students from McFarland, and the population of low-income students at McFarland was 87%. Pond received 76% Hispanic students from McFarland, and the population of Hispanic students at McFarland was 98%.

Existing law authorizes a DOC to provide transportation to pupils but does not require transportation to be provided. The *Committee may wish to consider* whether busing provides more equitable access to the DOC program for low-income and minority students and requires DOCs to provide transportation to students, particularly those eligible for free and reduced-priced meals, upon their request.

***Racial Segregation in Schools.*** According to an April 2016 Government Accountability Office report entitled, *Better Use of Information Could Help Agencies Identify Disparities and Address Racial Discrimination*, "The percentage of K-12 public schools in the United States with students who are poor and are mostly Black or Hispanic is growing and these schools share a number of challenging characteristics. From school years 2000-01 to 2013-14 (the most recent data available), the percentage of all K-12 public schools that had high percentages of poor and Black or Hispanic students grew from 9 to 16 percent, according to GAO's analysis of data from the Department of Education (Education). These schools were the most racially and economically concentrated: 75 to 100 percent of the students were Black or Hispanic and eligible for free or reduced-price lunch—a commonly used indicator of poverty. GAO's analysis of Education data also found that compared with other schools, these schools offered disproportionately fewer math, science, and college preparatory courses and had disproportionately higher rates of students who were held back in 9th grade, suspended, or expelled."

***History of District of Choice evaluations.*** Under current law, districts establish themselves as DOCs by adopting a local school board resolution. Required data collection on DOCs and the number of transfers they accept or deny began in 2008, and this data is required to be reported to the SPI, the county board of education, and the Department of Finance annually.

SB 80 (Committee on Budget and Fiscal Review), Chapter 174, Statutes of 2007, required the CDE to report to the Legislature by November 30, 2008, on the effectiveness of the interdistrict transfer program using data provided by school districts to the SPI on the disposition of all interdistrict transfer requests. CDE did not provide the complete report due to lack of funding. In lieu of the report, CDE conducted a survey of 100 schools that receive the most inter-district transfers in the state and found only three districts that have elected to declare themselves a DOCs. It is important to note that the survey was not a complete assessment of all DOCs. The CDE report recommends, however, "Given that only 3.9% of the responding districts indicated an active participation in the DOC program, it seems to be a small program with very limited impact. The CDE sees no significant negative consequences to the program's lapse as scheduled for July 1, 2009."

Interestingly, in a 2003 report by the CDE, the only solid indicator of a district being a DOC was if the district was a basic aid district that received state apportionment for its transfer students. CDE had to use district self-identification and a survey done by the California Association of School Business Officials to determine the total number of DOCs. As of 2002, CDE was able to identify 18 small, mostly rural districts as DOCs. One-half of these districts were basic aid districts. In 2007, it was reported that 11 basic aid districts were DOCs, according to CDE.

An evaluation was due to the Legislature by the Legislative Analyst's Office (LAO) on November 1, 2014. Due to a lack of data sharing between various agencies, the evaluation did not get completed. That year, the sunset date of the DOC program was extended by one year, so that the LAO's evaluation could be completed by January 31, 2016.

**2016 LAO evaluation.** As the LAO compiled the 2016 report, once again, insufficient data was collected due to DOC's not reporting the required data to the state. The LAO's report found there to be 47 DOCs statewide, and the report recommends the program's sunset date be extended. Because the data in the report was collected through a statewide survey and direct communication between the LAO and 100 districts, it is unclear whether the number of DOCs statewide is an accurate number. Despite the potentially limited data, the LAO found evidence of higher rates of student transfers among certain racial populations. The LAO report states, "Overall, participating transfer students tend to mirror the profile of the Districts of Choice they attend. Some differences emerged when we compared these students with their home districts. As shown...Hispanic students transfer at relatively low rates compared with their share of home district enrollment. These students account for 66 percent of the students attending home districts but only 32 percent of participating transfer students. Conversely, white students and Asian students transfer at relatively high rates."

**2021 LAO evaluation.** The LAO made the following findings regarding the DOC program in 2021:

- **District and Student Characteristics.** As of 2018-19, the state has 45 DOCs enrolling nearly 9,600 transfer students. Participating students are 40 percent Latino, 28 percent Asian, 26 percent white, and 6 percent other groups. The program appears to increase racial balance for some districts and reduce it for others, although these changes are typically small—the overall effect appears to be neutral. Low-income students transfer at low rates compared with their share of home district enrollment—the early application deadline (January 1) can be a challenge for these students.
- **District Finances.** The median DOC generates 22 percent of its total enrollment from students transferring through the program. Enrollment decreases among home districts tends to be small—usually less than 1 percent and rarely more than 5 percent. Basic aid districts have reduced the number of students they are willing to take due to the lower funding rate they receive.
- **Academic Outcomes.** Students gained access to an average of five to seven courses not offered by their home districts. Home districts often respond by taking action to retain students, such as adding new programs. The home districts most affected by the program have made above-average gains in student achievement over the past several years.
- **Program Oversight.** Auditors did not find any districts improperly denying transfer applications. DOCs approved nearly 90 percent of transfer applications—denials involved districts reaching their locally determined transfer limits. At least four home districts have prohibited all future transfers using the cumulative cap.

**Arguments in support.** Walnut Valley Unified School District states, “We are pleased to cosponsor Senate Bill (SB) 897 (Newman), which will build upon decades of documented and ongoing student success through District of Choice (DOC) programs. The bill will provide certainty to students and their families that they will continue to have access to the high-quality educational opportunities DOC programs offer and enable DOC districts to engage in long-term strategic planning of the programs and supports they offer students and their families. SB 897 also promotes equity for the most marginalized students by updating current DOC provisions.

Specifically, SB 897 will remove the current sunset provision and permanently authorize DOC programs. For decades, the DOC program has allowed students and their families to choose educational options that suit their needs and that yield positive student outcomes that otherwise may not be available to them. The Legislative Analyst's Office has completed two comprehensive evaluations of DOC programs that identify their educational benefits.”

***Arguments in opposition.*** Pomona Unified School District states, “We are writing a collaborative letter to express our strong opposition to the reauthorization of SB 897 which is the District of Choice program in California. We believe SB 897 would undermine the integrity of our school district, exacerbates existing inequalities, segregates schools, financially harms districts and forces school closures.

The reauthorization of SB 897 would allow students to transfer out of their home districts and enroll in schools of their choosing, regardless of residency. While this may seem like a solution to provide families with more options, it ultimately creates a host of issues that adversely impacts our students and schools.

First and foremost, it exacerbates educational inequalities. By allowing students to leave their home districts, it drains resources from already underfunded schools, further widening the gap between affluent and disadvantaged communities. Schools in low-income areas already struggle with limited resources, and this program only serves to divert much-needed funding away from them. Despite the Pomona Unified School District's (PUSD) student population being 85% Hispanic, 60% of the students approved from the local District of Choice were Asian and Caucasian.”

***Recommended Committee Amendments. Staff recommends the bill be amended to:***

- 1) Reinstate the 3% annual cap and the 10% lifetime cap on students transferring out of the district of residence with less than 50,000 ADA.
- 2) Expand the portions of the DOC program that are subject to an annual audit, and prohibit school districts from participating in the DOC program if they are found out of compliance.
- 3) Authorize districts of residence to stop transfers under the DOC program if the district has a qualified budget certification.
- 4) Require DOCs to offer transportation to admitted pupils upon request.

***Related legislation.*** SB 114 (Committee on Budget), Chapter 48, Statutes of 2021, extended the sunset date for the DOC program until January 1, 2028, and made several changes to the program.

AB 99 (Committee on Budget), Chapter 15, Statutes of 2017, extended the sunset date for the DOC program until January 1, 2023, and made several changes to the program.



SB 1432 (Huff) of the 2015-16 Session, would have revised provisions of the DOC program and extended the program through January 1, 2023. This bill was held in the Assembly Appropriations Committee.

SB 597 (Huff), Chapter 421, Statutes of 2015, provided a one-year extension of the sunset date for the DOC program and requires the LAO to complete their evaluation of the program by January 31, 2016.

SB 680 (Romero & Huff), Chapter 198, Statutes of 2009, extended the sunset and repeal date for the DOC program from July 1, 2009, to July 1, 2016, and January 1, 2010, to January 1, 2017, respectively; repealed the prohibition on new districts electing to become DOCs; and, required the LAO to complete an evaluation of the DOC program and report to the Legislature by November 1, 2014.

AB 1407 (Huffman) from 2009, was held on the Assembly Appropriations Committee Suspense File, would have extended the sunset and repeal dates for the DOC program for 5 years and required a census report on DOC by CDE by November 2010.

AB 270 (Huff) from 2007, extended the authority for DOC inter-district transfers from July 1, 2007, to July 1, 2009, prohibited additional districts from becoming DOCs, and required school districts (electing to accept transfers) to maintain records on the number of requests it receives and annually report the number of requests it receives to the SPI. The language in this bill was incorporated into SB 80 (Committee on Budget and Fiscal Review), Chapter 174, Statutes of 2007.

AB 97 (Nation), Chapter 21, Statutes of 2004, extended the sunset date for one year for the DOC authorization and required the SPI to continue the calculation for the Special Disabilities Adjustment using the current incidence multiplier to allow special education local plan areas to continue to receive funds provided through 2003-04 until a new multiplier is calculated.

AB 1993 (Quackenbush), Chapter 160, Statutes of 1993, established school DOC and allowed the governing board of any school district to declare the district to be a DOC willing to accept a specified number of inter-district transfers.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

Association of Regional Center Agencies  
California Catholic Conference  
Charter Oak Unified School District  
El Nido Elementary School District  
Geyserville Unified School District  
Glendora Unified School District  
Hope School District District  
Kern County Superintendent of Schools Office  
Los Angeles County Office of Education  
Maple School District  
Montecito Union School District

Mulberry Elementary School  
Nevada City Elementary School District  
Oak Park Unified School District  
Riverside Unified School District  
Vista Del Mar Union School District  
Walnut Valley Unified School District

**Opposition**

Azusa Unified School District  
Classified Schools Employee Association, Chapter Rowland 133  
Conejo Valley Unified School District  
Las Virgenes Unified School District  
Pomona Unified School District  
Public Advocates  
Rowland Unified School District  
Simi Valley Unified School District  
Associated Pomona Teachers

**Analysis Prepared by:** Chelsea Kelley / ED. / (916) 319-2087