Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON EDUCATION
Darshana R. Patel, Chair
AB 2509 (Schultz) – As Amended March 16, 2026

SUBJECT: Education finance: average daily attendance: apportionments

SUMMARY: Authorizes calculation of average daily attendance (ADA) to include the option of the average of the five most recent prior fiscal years. Authorizes school districts to exclude the five lowest days of attendance from their ADA calculation. Specifically, **this bill**:

1) Authorizes the calculation of ADA for school districts to include the option of the second principal apportionment regular average of the five most recent prior years to the existing options of the greatest of the following: current fiscal year, the prior fiscal year, and the average of the three most recent prior fiscal years.

2) Authorizes, for purposes of computing the regular ADA, as specified, the sponsoring school district to exclude the five days, in which attendance was taken, with the lowest recorded attendance from the current fiscal year and the prior fiscal year, as applicable.

EXISTING LAW:

Establishes the Local Control Funding Formula (LCFF), which, for school districts and charter schools, is comprised of the following components:

1) A base grant of the following amounts per ADA in 2025-26:

    a) $11,322 for grades K-3, which includes a 10.4% grade span adjustment for class size reduction;

    b) $10,411 for grades 4-6;

    c) $10,719 for grades 7-8; and

    d) $12,746 for grades 9-12, which includes a 2.6% grade span adjustment for college and career readiness. (Education Code (EC) 42238.02)

2) A supplemental grant equal to 20% of the base grant for each pupil identified as either low-income (based on eligibility for free or reduced-price meals), an English learner (EL), or in foster care ("unduplicated pupils").

    a) Defines eligible for "free or reduced-price meals" to mean determined to meet federal income eligibility criteria, either through completing an application for the federal National School Lunch Program (NSLP), or through an alternative household income data collection form, or deemed to be categorically eligible for free or reduced-price meals under the federal NSLP. (EC 42238.01(a))

    b) Requires the alternative household income data collection form to contain, at a minimum, all of the following information:

i) Information sufficient to identify the pupil or pupils;

ii) Information sufficient to determine that the pupil or household meets federal eligibility criteria sufficient to qualify for either a free or reduced price meal under the Federal Richard B. Russell National School Lunch Act; and

iii) Certification that the information is true and correct by the pupil's adult household member. (EC 42238.01(a)(5))

3) A concentration grant based on the number of unduplicated pupils in excess of 55%, times 65%, of the district or charter school total enrollment. (EC 42238.02(f))

4) Transitional Kindergarten (TK) add-on funding for school districts and charter schools equal to the TK add-on rate multiplied by the local educational agency (LEA)'s current year TK ADA ($3,044 for the 2023-24 school year). (EC 42238.02(g)(2))

5) Requires, upon full implementation of the LCFF, as a condition of receiving funds, school districts to maintain an average class enrollment for each schoolsite for kindergarten and grades 1 to 3, inclusive, of not more than 24 pupils, unless a collectively bargained alternative ratio is agreed to by the district. (EC 42238.02)

6) ADA, defined as the total days of student attendance divided by the total days of instruction.

7) Requires the fiscal year ADA for a school district to be computed using the second principal apportionment regular ADA for the current fiscal year, or the prior fiscal year if the prior fiscal year total is greater, or the average of the three most recent prior fiscal years, if the three-year average total is greater than both the current fiscal year and prior fiscal year. (EC 42238.05)

8) Requires, on or before January 1, 2026, the Legislative Analyst's Office (LAO) to submit a report to the Legislature on the effects of changing the pupil count methodology of the LCFF from ADA to pupil enrollment. (EC 42238.026)

FISCAL EFFECT: Unknown

COMMENTS:

Need for the bill. According to the author, "Our schools are grappling with a fiscal crisis, affected by drops in attendance due to federal immigration enforcement, natural disasters, and mental health challenges since the pandemic. These challenges create significant uncertainty for school districts and undermine their ability to plan for the long term and support student success. AB 2509 addresses unpredictable school funding by allowing school districts to add a five-year average as an option for school districts to count as funded average daily attendance along with the current, prior, or average of the three most recent prior years of average daily attendance. The bill also permits school districts to exclude the lowest five days of attendance from the current or prior fiscal year, an approach modeled after policies implemented in Kentucky. By providing more stable and predictable funding, AB 2509 seeks to give school districts the stability to continue meeting the needs of California's students."

Key provisions of the bill. This bill proposes to make two changes to the calculation of ADA. First, the bill would authorize the calculation of ADA to include the average of the five most recent prior fiscal years. Current law requires that the calculation of ADA is based on the greatest of the current fiscal year, the prior fiscal year, and the average of the three most recent prior fiscal years. Second, the will would authorize a school district to exclude their five days of lowest attendance from their ADA calculation, resulting in a higher annual ADA rate.

Student enrollment and attendance data collection. Currently, LEAs collect data on the number of students they serve each year in three basic ways—census day enrollment counts, cumulative enrollment, and ADA.

Census day enrollment counts are taken on the first Wednesday in October (known as Census Day) to establish a baseline count of the students attending a particular school along with information such as race/ethnicity, whether the students are ELs, how many qualify for free- and reduced-price meals, and more. Cumulative enrollment is collected at the end of the year and is used to measure chronic absenteeism, suspension, and expulsion rates for the California School Dashboard (Dashboard). Finally, ADA is used to apportion funding for schools and is based on the days of school attended by students, not the number of students enrolled.

Local Control Funding Formula. The LCFF was established in the 2013-14 fiscal year to provide a more equitable distribution of funding among school districts, charter schools, and county offices of education (COEs). The three main components of the LCFF for school districts and charter schools are the base, supplemental, and concentration grants. The amount of the base grant is different for four different grade spans and receives a statutory annual cost of living adjustment (COLA). The following table shows the base grant amounts in 2013-14 and 2023-24:

Figure 1: LCFF Base Grant Targets by Grade Span and Fiscal Year (Existing Law)

Grade Span	2013-14	2025-26
K-3	$6,845	$11,323*
4-6	$6,947	$10,411
7-8	$7,154	$10,719
9-12	$8,289	$12,746*

Note: Includes the class size reduction and college and career readiness adjustments.

The base grant for each school district and charter school, including the grade span adjustment, is multiplied by units of ADA. For school districts, funded ADA is equal to the greater of the current year ADA, the prior year ADA, or the average ADA of the three most recent prior fiscal years.

As a result of concerns with steep attendance declines due to the COVID-19 pandemic, alongside the longer trend of statewide declining enrollment, the state added a three-year rolling average to the LCFF calculations for school districts in 2022-23 and for COEs in 2023-24. School districts and COEs are credited with the average of their attendance over the three prior years if it exceeds their current- and prior-year attendance. This policy was intended to slow funding reductions, allow districts and COEs more time to adjust their educational programs, and help reduce fluctuations in funding from temporary changes in ADA levels. Charter schools continue to be funded based on their current-year ADA. In 2024-25, half of school districts were funded on the

rolling average of their three prior years of ADA, 33% were funded on current-year ADA, and 17% were funded on prior-year ADA. The ability to use prior-year attendance or the three-year rolling average in 2024-25 resulted in districts being credited with roughly 120,000 more ADA (2.5%) than if the state funded districts on current-year ADA only. This bill would add a fourth way to calculate ADA within the LCFF – to use a five-year rolling average.

In addition to the base grant, school districts and charter schools also receive funding for each enrolled pupil who is either an EL, low-income (as determined by eligibility for free- or reduced-price meals), or in foster care. These are referred to as "unduplicated" pupils because pupils who fall into more than one of these categories are counted only once for LCFF purposes. Districts and charter schools receive an additional 20% of the base grant amount for each unduplicated pupil.

The concentration grant is provided to districts and charter schools that have a significant concentration of unduplicated pupils. The concentration grant is provided whenever the enrollment of unduplicated pupils exceeds 55% of total enrollment. For each grade span, the grant is calculated by multiplying the base grant per ADA, by the total funded ADA, by the portion (if any) of UPP that exceeds 55%, by 65%.

TK add-on funding is provided to the LCFF entitlement for school districts and charter schools equal to the TK add-on rate multiplied by the LEA's current year TK ADA ($3,044 for the 2023-24 school year).

Excused absences. California's compulsory education law requires every child between the ages of 6 and 18 to attend school full-time and their parents and legal guardians are responsible for ensuring that they attend school. A student who is absent from school without a valid excuse on any day or is tardy for more than 30 minutes, or any combination thereof, for three days in a school year is considered a truant.

Current law establishes excused absences for a number of reasons, including illness, quarantine, medical appointments, attending a funeral, jury duty, illness of the student's child, a court appearance, observation of a religious holiday or ceremony, attendance at an educational conference, serving on a precinct board, spending time with an immediate family member who is an active duty member of the military, as well as for other reasons deemed to constitute a valid excuse by a school administrator based upon an individual student's circumstances. However, the state does not provide funding to LEAs for excused absences.

Since 1997, California has based apportionment on attendance rather than enrollment. Prior to the passage of SB 727 (Rosenthal), Chapter 855, Statutes of 1997, California provided funding for excused absences based on a note from the parent documenting the absence as a valid reason, including illness, doctor's appointments, and funerals. Regrettably, the law was implemented differently across school districts, leading to significant ranges in rates of excused and unexcused absences. At the time, there were numerous reports of abuses of the system. SB 727 ended the state practice of reimbursing districts for days that students are absent from school for excused reasons. Since then, attendance has improved, with the exception of during the COVID-19 pandemic.

Declining enrollment and attendance during emergencies. While LEAs in California are generally funded based solely on attendance, there are exceptions in existing law. Further, the

Legislature and Governor have taken recent actions through the state budget process to hold LEAs fiscally harmless for COVID-19 related absences.

For school districts with declining enrollment, existing law provides a one-year reprieve from ADA loss by using the greater of the current year, prior year ADA, or the average ADA of the three most recent prior fiscal years for funding purposes. This reprieve is an acknowledgment that school districts must make program and staffing decisions before data on enrollment and available state funding is available.

Additionally, the state provides a process (via Form J-13A) to serve as documentation of an LEA's compliance with instructional time laws and provide authority to maintain school for less than the required instructional days and minutes without incurring a fiscal penalty to the LEA's LCFF funding due to a material decrease in attendance, school closure, or lost/destroyed records.

Kentucky allows inclement weather days to change calculation of ADA. The state of Kentucky provides apportionment based on ADA. Kentucky LEAs are able to remove the five worst days of attendance from their ADA calculations, and can substitute up to ten days of low attendance due to inclement weather with attendance from the same days in the prior school year. This bill was inspired, in part, by the ADA policies in Kentucky.

Chronic absenteeism has risen significantly in recent years. Chronic absence refers to missing so much school for any reason that a student is academically at risk. Chronic absence is defined as missing 10% or more of school for any reason, including excused absences, unexcused absences or truancy, and suspensions. According to Attendance Works:

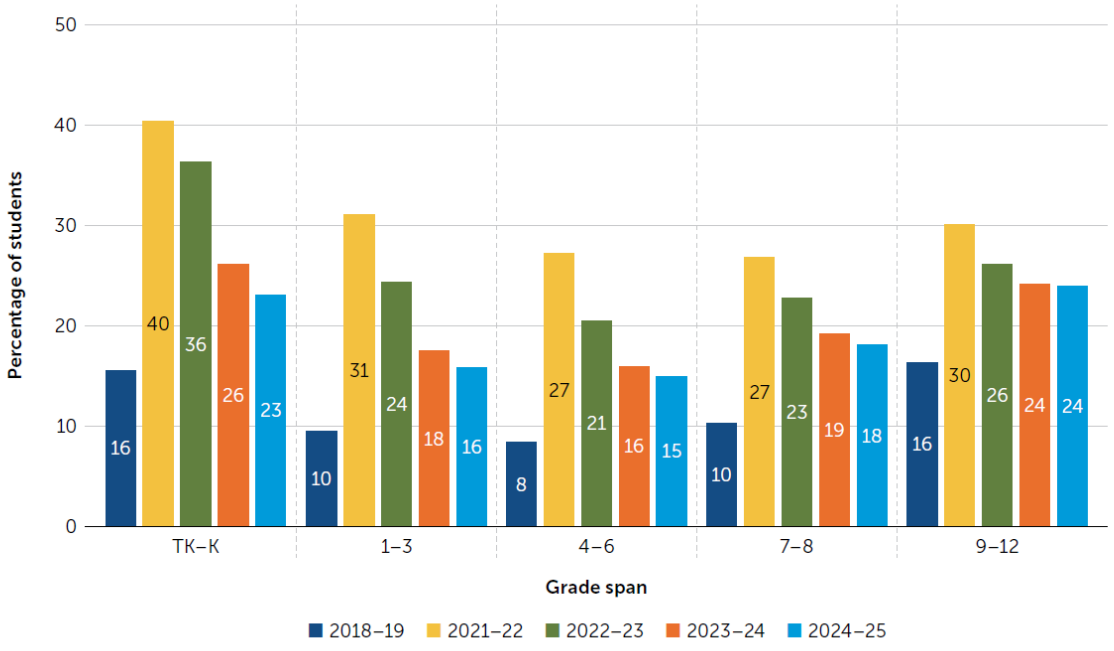
> In the 2020-21 school year, at least 10.1 million students nationwide were chronically absent. We estimate chronic absence has more than doubled from the more than 8 million students, pre-COVID-19, who were missing so many days of school that they were academically at risk. Chronic absence can translate into students having difficulty learning to read by the third-grade, achieving in middle school, and graduating from high school.
>
> Children living in poverty are two to three times more likely to be chronically absent—and face the most harm because their community lacks the resources to make up for the lost learning in school. Students from communities of color, as well as those with disabilities, are disproportionately affected.
>
> This isn't simply a matter of truancy or skipping school. In fact, many of these absences, especially among our youngest students, are excused. Often, absences are tied to health problems, such as asthma, diabetes, and oral and mental health issues. Other barriers including lack of a nearby school bus, a safe route to school, or food insecurity, make it difficult to attend school every day.

California's accountability system tracks chronic absenteeism as one indicator of academic engagement on the Dashboard. In 2025, 17.1% of students in kindergarten through 8th grade were chronically absent, considered a mid-level of concern. Chronic absenteeism rates peaked at 30% on the 2022 Dashboard. When broken down by subgroups, the following were chronically absent at a disproportionate rate compared to the statewide average in the 2024-25 school year for grades K-8:

- 29.8% of African American students;
- 28.9% of American Indian students;
- 21.3% of English learners;
- 37.3% of foster youth;
- 20.1% of Hispanic students;
- 34.9% of homeless students;
- 24.1% of socioeconomically disadvantaged students; and
- 27.8% of students with disabilities.

The rate of chronic absenteeism in California across all grade levels has declined across all grade levels since the COVID-19 pandemic, as shown below, but remains elevated in all grades compared to pre-pandemic levels:

Figure 6. Chronic Absence Rates by Grade and Year



Source: Attendance Works

Potential to increase chronic absenteeism by expanding excused absences. Legislation in recent years has added to the list of excused absences for the purposes of a student's mental health, participating in a cultural ceremony or event, and engaging in a civic or political event. Although each of these is worthwhile in themselves, the overall impact on student attendance

must be considered. As noted above, a student's absence from school for any reason may have negative impacts on their academic achievement over time.

California authorized Attendance Recovery Programs in 2024-25 Budget. Beginning July 1, 2025, LEAs are able to generate attendance-based funding by providing instruction on weekends, before and after school, and during intersessions to students in classroom-based programs who were absent from school. (The state also has a longstanding Saturday school program, which is more limited in scope.) The amount of attendance generated by a student through attendance recovery programs cannot exceed the total number of days the student is absent during the school year, up to a maximum of ten days. In addition, participating in these programs must be voluntary for all students. To generate additional funding, attendance recovery programs must meet several requirements:

- Include content that is substantially equivalent to instruction the student would have received as part of their regular school day;
- Have instruction provided under the supervision of certificated staff; and
- Have a maximum student-to-teacher ratio of 20 to 1 for all grades except transitional kindergarten, which must have a maximum ratio of 10 to 1.

Impact of the LCFF on student achievement. The LCFF changed the way resources were distributed to LEAs, but the most critical outcome measurements are related to changes in student achievement. According to a 2021 PPIC report, *Targeted K–12 Funding and Student Outcomes: Evaluating the Local Control Funding Formula*, "Test scores have seen modest improvements, and in particular, improvements have been much greater in the state's highest-need districts. These trends over the past five years on the Smarter Balanced Assessment System (SBAC) suggest that additional LCFF funding leads to higher test scores; but a more definitive statement about cause and effect requires an empirical design that can account for other changes unrelated to the funding change."

Low-income and non-low-income students meeting or exceeding grade-level standards saw modest increases for both groups, but larger ones among low-income students. In 2014–15, the first year the SBAC was administered, only 31% of low-income students met or exceeded standards in English Language Arts (ELA), compared to 64% of non-low-income students. For math, the gap was similar but the share meeting standards was even lower: only 21% of low-income students and 53% of non-low-income students. By 2019–20, the share of low-income students meeting or exceeding standards increased by 8 percentage points in ELA and 6.5 percentage points in math. Non-low-income students also saw progress, but at a slower rate: a 5.5 percentage point increase in ELA and a 5.9 percentage point increase in math. This implies the gap in proficiency is narrowing between low-income and non-low-income students by nearly 8% in ELA (2.5 percentage points) and 2% in math (0.6 percentage points).

Research on the first few years of LCFF documented sizable increases in 11th-grade test scores and graduation rates from the funding increases under the formula. The share of California students graduating from high school has slowly increased in recent years, rising from 82.7% in 2016–17 to 84.3% in 2019–20. However, there are notable gaps in these rates by student income and race; in 2019–20, 81% of low-income students graduated high school, compared to 91% among non-low-income students. Related to A-G completion rates, the highest-need districts

that received the largest funding increases under LCFF have seen steady improvement, closing the gap in A–G completion relative to non-concentration districts by 9 percentage points. By comparison, the effect for the high-need districts (55%–80%) was 5 percentage points nine years after LCFF was first implemented.

California is one of a minority of states that allocates funding to LEAs based on attendance. While most states use a locally established enrollment data figure to allocate revenue to LEAs on a per-pupil basis, California is one of six states that use ADA. California established its ADA system in 1911, with the most notable change occurring in 1998, when the state stopped funding LEAs for excused student absences.

As shown in Figure 4, the most common method used by other states is average daily membership, in which LEAs are funded based on an enrollment count averaged across the school year. Seat counts, where students are counted on a specified census day, days, or period, are also commonly used.

Figure 4: Student Count Method by State

Student Count Method	States
Average Daily Membership	Arkansas, Minnesota, Nebraska, New Hampshire, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Utah, Vermont, Virginia
Single Seat Count Date	Colorado, Delaware, Connecticut, Indiana, Iowa, Kansas, Maryland, Massachusetts, Nevada, New Jersey, New York, South Dakota, West Virginia
Multiple Seat Count Dates	Arizona, Georgia, Hawaii, Louisiana, Maine, Michigan, Montana, Washington, Wisconsin
ADA	California, Idaho, Illinois, Kentucky, Mississippi, Missouri, Texas
Single Seat Count Period	Alabama, Alaska, New Mexico, Wyoming
Multiple Seat Count Periods	Florida, Ohio

Source: Education Commission of the States

Recent LAO report recommends the Legislature maintain its ADA-based approach to help promote attendance, rather than move to policy of average daily enrollment. SB 98 (Portantino) Chapter 442 of 2024 required the LAO office to report to the Legislature, on the effects of changing the student count methodology of LCFF and other K-12 education programs from ADA to student enrollment. The report stated that shifting to an enrollment student count methodology would increase program costs by over $6 billion annually, switching to enrollment-based funding likely would have adverse effects on attendance, enrollment-based funding would be more aligned with district planning, but would be unlikely to significantly change ongoing administrative workload, and the state could target additional funding to high unduplicated pupil percentage districts while maintaining and ADA-based system. The LAO's

recommendation is to continue with ADA-based funding to help promote attendance, given attendance rates continue to remain below pre-pandemic levels and the available research suggesting a strong relationship between attendance and student outcomes.

Arguments in support. The California School Employees Association writes, "The California School Employees Association, AFL-CIO, supports your Assembly Bill (AB) 2509, that would address unpredictable school funding by adding a five-year average as an option for school districts to calculate average daily attendance (ADA) and allow districts to exclude the lowest five days of attendance from their average."

Recommended Committee Amendments. Staff recommends that the bill be amended as follows:

- Remove the provision that authorizes, for purposes of computing ADA, a school district to exclude the five days of lowest attendance. California has recently adopt programs and requirements to improve student attendance and reduce chronic absenteeism, including the attendance recovery program, and adequate time for full implementation is needed.

Related legislation. AB 1348 (Baines) of the 2025-26 Session would have added immigration enforcement activity to the list of emergencies that may justify a waiver of ADA losses for LEAs funding purposes through June 30, 2029. This bill was vetoed by the Governor with the following message:

> Current law already provides opportunities for local educational agencies to utilize attendance recovery and independent study programs to recoup lost attendance-based funding, while also ensuring students receive instruction and support. AB 1348 does not include sufficient safeguards to ensure that students who miss school due to immigration enforcement activities will receive alternative instructional opportunities. Additionally, this bill creates substantial cost pressures when state law is already designed to buffer school districts' budgets from attendance fluctuations by allowing them to use a three-year rolling average of attendance when calculating school funding.

SB 98 (Portantino), Chapter 442, Statutes of 2024, requires the LAO, on or before January 1, 2026, to submit a report to the Legislature on the effects of changing the pupil count methodology of the LCFF from ADA to pupil enrollment.

SB 830 (Portantino) of the 2021-22 Session would have defined average daily membership (ADM) as the quotient of the enrollment days for pupils in a school district or COE divided by the total number of instructional days for the LEA. Commencing with the 2023–24 fiscal year, would have authorized a COE or school district to apply to the Superintendent of Public Instruction (SPI) for supplemental education funding based on the difference between what an LEA would have received under the LCFF based on ADM and what the LEA received under the LCFF based on ADA for that fiscal year. Would have required LEAs to use at least 30% of their supplemental education funding to address chronic absenteeism and habitual truancy. This bill was held in the Assembly Education Committee.

AB 1948 (Ting) of the 2021-22 Session would have required, commencing with the 2022–23 fiscal year, numerous changes to the calculation of the LCFF. This bill was held in the Senate Education Committee.

AB 1607 (Muratsuchi) of the 2021-22 Session would have required, commencing with the 2022-23 school year, any calculation of ADA for school districts, COEs and charter schools to be based on the quotient of the sum of the ADA for the current fiscal year and each of the previous two fiscal years, divided by three. This bill was held in the Assembly Education Committee.

AB 1609 (Muratsuchi) of the 2021-22 Session would have required, for the 2022-23 school year, the CDE to use the greater of the ADA from fiscal years 2019-20, 2020-21, 2021-22, or 2022-23 for purposes of apportionment under the LCFF for school districts, COEs, and charter schools. This bill was held in the Assembly Education Committee.

AB 1614 (Muratsuchi) of the 2021-22 Session would have increased the LCFF base grant amounts, as specified, commencing with the 2022-23 fiscal year. This bill was held in the Assembly Education Committee.

AB 2774 (Akilah Weber) of the 2021-22 Session would have redefined, commencing with the 2023–24 fiscal year, the definition of "unduplicated pupils" in the LCFF to include pupils who are included in the lowest performing subgroup or subgroups, as defined, based on the most recently available mathematics or language arts results on the California Assessment of Student Performance and Progress (CAASPP). This bill was held on the Assembly Floor.

SB 579 (Allen) of the 2021-22 Session would have required, for the 2021-22 fiscal year, the CDE to use the greater of the 2019–20 or 2021–22 fiscal year ADA for purposes of apportionment under the LCFF for school districts, COEs, and charter schools. For the 2022–23 fiscal year, would require the CDE to use the greater of the 2019–20, 2021–22, or 2022–23 fiscal year ADA for purposes of apportionment under the LCFF for school districts, COEs, and charter schools. This bill was held in the Assembly Education Committee.

SB 98, Chapter 24, Statutes of 2020, and SB 820, Chapter 110, Statutes of 2020, required that school districts, COE, and continuing charter schools are funded on 2019–20 ADA, as specified.

AB 39 (Muratsuchi) of the 2019-20 Session would have increased the school district and charter school LCFF base grant funding targets, and would have created a new grant-add on. This bill was held on the Senate Floor.

AB 575 (Shirley Weber) of the 2019-20 Session would have redefined, commencing with the 2019–20 fiscal year, the definition of "unduplicated pupils" in the LCFF to include pupils who are included in the lowest performing subgroup or subgroups, based on the most recently available mathematics or language arts results on the California Assessment of Student Performance and Progress (CAASPP). This bill was held in the Assembly Education Committee.

AB 1015 (Gipson) of the 2019-20 Session would have required, upon appropriation by the Legislature, the SPI to make an apportionment to LEAs that would equal the amounts apportioned in the supplemental grant provisions of the LCFF that are attributable to the number of enrolled reengaged opportunity youth, and would have required that the funds be used in a program established for this student population. Would have defined an eligible youth to include

a high school pupil formerly identified as a dropout, an expelled pupil, or a pupil who has not been enrolled for at least 90 days irrespective of designation, including a pupil identified as a transfer pupil who has not reenrolled in a public elementary or secondary school for at least 90 days and a pupil who has been involved with the justice system. This bill was held in the Assembly Education Committee.

AB 1225 (Carrillo) of the 2019-20 Session would have added pupils experiencing homelessness to the categories of unduplicated pupils for the LCFF. Would have required that pupils experiencing homelessness who are also classified as foster youth be double counted for purposes of the LCFF, including the supplemental and concentration grants. This bill was held in the Assembly Education Committee.

AB 2808 (Muratsuchi) of the 2017-18 Session would have expressed the intent of the Legislature to enact legislation providing that, beginning in the 2019–20 fiscal year, the state begin to provide increases to the LCFF to address the existing inequities in per-pupil funding and fund California K–12 public schools at a level that is equal to, or above, the average of the top 10 states nationally by 2025 and, at a minimum, to maintain this level of funding indefinitely. This bill was held on the Assembly floor.

SB 727 (Rosenthal), Chapter 855, Statutes of 1997, simplifies school district paperwork and provides an incentive for schools to improve student attendance by ending the current state practice of reimbursing districts for days that students are absent from school for specified reasons. Adjusts funding formulas so those districts do not lose funding as a result of the change.

REGISTERED SUPPORT / OPPOSITION:

Support

Alameda County Office of Education
California School Employees Association

Opposition

None on file

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