

Date of Hearing: May 13, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2440 (Muratsuchi) – As Amended April 27, 2026

Policy Committee: Education

Vote: 8 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill makes several changes to the Proposition 28 Arts and Music in Schools Act (AMS) regarding program compliance such as providing a definition of existing funding for purposes of the supplement-not-supplant determination, authorizing a local educational agency (LEA) to pool funds allocated under the program among school sites, and aligning the definition of arts education program with the California Arts Education Framework.

FISCAL EFFECT:

- 1) Minor and absorbable costs to California Department of Education (CDE).
- 2) No new Proposition 98 General Fund costs to LEAs. The bill appropriates no new funding under the AMS program but revises various compliance and accounting requirements under the program, possibly reducing LEA workload associated with implementation.

COMMENTS:

- 1) **Purpose.** According to the author:

Proposition 28 marked a significant step forward by establishing a dedicated funding stream for arts and music education in schools. However, as local educational agencies (LEAs) have begun implementing the measure, key areas of the law have proven unclear. Specifically, additional clarity is needed regarding whether smaller LEAs may pool funds and how to comply with the ‘supplement, not supplant’ requirement. AB 2440 makes commonsense clarifications to Proposition 28 by authorizing LEAs to pool resources and codifying clear rules for maintaining baseline funding levels.

- 2) **Background. *AMS Program Requirements.*** Enacted by the voters in 2022, the AMS program is the state’s only dedicated source of arts education funding. AMS earmarks 1% of the K-12 portion of Proposition 98, approximately \$1 billion annually, for arts education programs. Funding is allocated to LEAs based on enrollment and the percentage of economically disadvantaged students within each LEA. As a condition of receipt of funds under the program, an LEA with more than 500 enrolled students must certify that 80% of funds to be expended will be spent on staff providing arts education program instruction, with the remainder used for training, supplies and materials, and arts educational

partnerships. An LEA may use no more than 1% of program funds for administrative expenses. Additionally, an LEA must certify that program funds were used to supplement and not supplant existing arts education program funding. To ensure compliance, current law requires that an LEA's annual independent audit include verification that program funds were used in accordance with an LEA's certification of the above requirements. Noncompliance with an LEA's certifications can result in a fiscal penalty, up to the LEA's entire program allocation for a given fiscal year.

Delayed Implementation. Due to the program's comprehensive compliance requirements and associated fiscal penalties, many LEAs report confusion and fear regarding using the funds to expand arts education programs, which has led several LEAs to delay expansion of arts programs at their school sites. Specifically, one area of substantial confusion has been what constitutes "existing funding" because the statute does not define it but does contain a supplement-not-supplant provision.

This bill, among other changes, attempts to prescribe the types of funding an LEA should consider as existing and which should be excluded from an LEA's supplement-not-supplant calculation. For example, the bill provides for the exclusion of private contributions, parent fundraising, or other state or federal sources, that have expired, been reduced, been discontinued, been exhausted, were onetime in nature, or otherwise ceased to be available, from the definition of existing funding. According to Alameda County Office of Education, "AB 2440 reduces legal ambiguity and provides a clearer roadmap for districts to prove they are expanding their existing arts budgets."

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