
SENATE COMMITTEE ON EDUCATION

Senator Connie Leyva, Chair

2019 - 2020 Regular

Bill No: AB 1507 **Hearing Date:** July 10, 2019
Author: Smith
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Urgency: No **Fiscal:** No
Consultant: Ian Johnson

Subject: Charter schools: location: resource center.

NOTE: This bill has been referred to the Committees on Education and Appropriations. A "do pass" motion should include referral to the Committee on Appropriations.

SUMMARY

This bill eliminates the authorization for a charter school to be located outside the boundaries of their authorizer and allows a nonclassroom-based charter school to establish one resource center within the jurisdiction of the school district where the charter school is located, as specified.

BACKGROUND

Existing law:

- 1) Authorizes a charter school that is unable to locate within the jurisdiction of the chartering school district to establish one site outside the boundaries of the authorizer, but within the county in which that school district is located, if the school district within the jurisdiction of which the charter school proposes to operate is notified in advance of the charter petition approval, the county superintendent of schools and the Superintendent of Public Instruction (SPI) are notified of the location of the charter school before it commences operations, and either of the following circumstances exists:
 - a) The school has attempted to locate a single site or facility to house the entire program, but a site or facility is unavailable in the area in which the school chooses to locate.
 - b) The site is needed for temporary use during a construction or expansion project.
- 2) Authorizes a charter school to establish a resource center, meeting space, or other satellite facility located in a county adjacent to that in which the charter school is authorized if the following conditions are met:
 - a) The facility is used exclusively for the educational support of pupils who are enrolled in nonclassroom-based independent study of the charter school; and

- b) The charter school provides its primary educational services in, and a majority of the pupils it serves are residents of, the county in which the charter school is authorized.

ANALYSIS

This bill:

- 1) Deletes the authorization for a charter school that is unable to locate within the geographic boundaries of the chartering school district to establish one site outside the boundaries of the school district, but within the county.
- 2) Authorizes a charter school that established one site outside the boundaries of the chartering school district, but within the county, before January 1, 2020, to continue to operate the site until the charter school submits a request for the renewal of its charter petition, and requires approval in writing from the school district where the site is operating prior to submitting the renewal.
- 3) Authorizes a charter school operating in an area subject to a presidential declaration of a major disaster to relocate the charter school outside of the area for no more than five years, subject to the approval in writing from the school district where the site is operating.
- 4) Specifies that if a charter school was relocated from December 31, 2016 to December 31, 2019, inclusive, due to a Presidential declaration of a major disaster or emergency, that charter school shall be allowed to return to its original campus location in perpetuity.
- 5) Exempt a charter schools located on federally recognized California Indian reservation or rancheria operated by a federally recognized California Indian tribe from its provisions.
- 6) Specifies that a charter school may establish one resource center within the jurisdiction of the school district where the charter school is physically located.
- 7) Authorizes a charter school that was operating a resource center, meeting space, or other satellite facility outside the jurisdiction of the school district where the charter school is physically located before January 1, 2020, to continue that facility until the charter submits a request for the renewal of the charter petition, and requires approval in writing from the school district where the facility is operating, prior to submitting the renewal.
- 8) Authorizes a charter school operating a resource center, meeting space, or other satellite facility in an area subject to a presidential declaration of a major disaster, to continue to operate the site until the charter school submits a renewal request, with the written approval of the school district where the site is located.
- 9) Authorizes a countywide charter school approved by a county office of education that is operating a resource center, meeting space, or other satellite facility in a county other than the county in which the countywide charter school is authorized

before January 1, 2020, to continue to operate that resource center, meeting space, or other satellite facility until the countywide charter school submits a request for the renewal of its charter petition. To continue operating the resource center, meeting space, or other satellite facility, the countywide charter school, before submitting the request to the countywide charter school's chartering authority for the renewal of the charter petition, shall obtain approval in writing from the county office of education where the resource center, meeting space, or other satellite facility is operating.

STAFF COMMENTS

- 1) ***Need for the bill.*** According to the author, "I am authoring AB 1507 to continue to address charter transparency goals that have been set forth by Governor Newsom and the Legislature. This bill eliminates loopholes in current law which allow charter schools to operate outside of their authorizing district. This bill restores the right of individual districts to have oversight of schools located within their boundaries. In my tenure as a school board member, neighboring school districts abused this loophole and authorization privilege, and families were impacted because of this. The bill clarifies the jurisdictional sovereignty of the duly elected school boards and their role in charter authorization."
- 2) ***Charter school overview.*** Charter schools are public schools that provide instruction in any combination of grades kindergarten through 12. In 1992, the state enacted legislation allowing charter schools in California to offer parents an alternative to traditional public schools and encourage local leaders to experiment with new educational programs. Except where specifically noted otherwise, California law exempts charter schools from many of the statutes and regulations that apply to school districts. Generally, all charter schools must (1) provide nonsectarian instruction, (2) charge no tuition, and (3) admit all interested students up to school capacity. To both open and continue operating, a charter school must have an approved charter setting forth a comprehensive vision for the school.

Over the last decade, charter school enrollment has grown steadily. In 2006, 560 charter schools served about 200,000 students (3.5 percent of the state's K-12 enrollment). By 2016, over 1,200 charter schools served about 580,000 students (almost 10 percent of the state's K-12 enrollment). Most charter schools are small, compared to traditional public schools, and located in urban areas. The median charter school enrolls about 250 students, whereas the median traditional public school enrolls about 525 students. Together, nine Bay Area counties, Los Angeles County, and San Diego County account for more than 60 percent of all charter schools and charter school enrollment in the state.

Charter schools can be conversions of existing public schools or new startup schools. About 15 percent of charter schools are conversions, with the remaining 85 percent being startups. Of these, about 80 percent offer traditional, classroom-based instruction and 20 percent offer some form of independent study, such as distance learning or home study.

- 3) ***Charter school oversight.*** A charter school must promptly respond to all reasonable inquiries from its chartering authority, the county office of education that has jurisdiction over the school's chartering authority, or from the SPI. Each chartering authority is also required to: (1) identify at least one staff member as a contact person for the charter school, (2) visit each charter school annually, (3) ensure that each charter school complies with reporting requirements, (4) monitor the fiscal condition of each charter school under its authority, and (5) provide timely notification to the California Department of Education (CDE) if an existing charter is renewed, revoked, or ceased. Charter schools must annually submit reports to its chartering authority and county superintendent of schools including budget information, interim financial reports, and audits. The chartering authority is tasked with using any financial information it obtains from the charter school to assess the fiscal condition of the charter school.
- 4) ***When can a charter school locate outside the boundaries of its authorizer?*** A charter school that is unable to locate within the jurisdiction of the authorizing school district may establish one site outside the boundaries of the school district, but within the same county, if the following conditions are satisfied:
- a) The school district in which the charter school proposes to operate is notified in advance of the charter petition approval;
 - b) The county superintendent of schools and the SPI are notified of the location of the charter school before it commences operations; and either of the following circumstances exists:
 - c) The charter school has attempted to locate a single site or facility to house the entire program, but a site or facility is unavailable in the area in which the charter school chooses to locate.
 - d) The site is needed for temporary use during a construction or expansion project.
- 5) ***Where can nonclassroom-based charter schools locate?*** Nonclassroom-based charter schools, those not operating in a traditional brick-and-mortar settings, may establish a resource center, meeting space, or other satellite facility in a county adjacent to the county in which the school was approved if the following apply:
- a) The facility is used exclusively for the educational support of pupils who are enrolled in nonclassroom-based independent study; and
 - b) The charter school provides its primary educational services in, and a majority of the pupils it serves are residents of, the county in which the charter was authorized.

A 2016 court decision in *Anderson Union High School District v. Shasta Secondary Home School* upheld the geographic restrictions on the location of satellite facilities—specifically that a nonclassroom-based charter can locate a facility in a county that is adjacent to the county in which the authorizer is located,

but not in another district within the same county as the authorizing district. This decision led numerous charter schools to apply for waivers from the State Board of Education (SBE), as the location of their resource centers were out of compliance with the law. In 2017, the SBE received 55 waivers that were approved on a one time basis, to give time for these resource centers to come into compliance with the law.

- 6) ***Some districts have authorized charter schools operating in other districts to generate revenue.*** While existing law allows a charter school to locate a facility in a school district other than the one it is authorized by under a limited number of circumstances, there have been high-profile instances of school districts authorizing charter schools outside of the district in order to generate revenue through oversight fees. In the Santa Clarita area, the Acton-Agua Dulce Unified School District authorized a charter school that was subsequently located in another school district that had previously denied the school. In return, the school then paid a 3.5 percent oversight fee to the school district. Though the situation in Santa Clarita has brought more attention to this statewide problem, other school districts, including Los Angeles Unified, Culver City Unified, Beverly Hills Unified, Pomona Unified, and San Diego Unified have all had charter schools located within their boundaries by other school districts.
- 7) ***State Auditor report found that existing laws are ineffective.*** A 2017 report by the State Auditor found:
 - a) “Requirements related to districts’ authorizations of charter schools outside their geographical boundaries are vague and ineffective.”
 - i) Districts we visited authorized charter schools outside of their districts that, in effect, expanded the districts’ reach into neighboring communities.
 - ii) Districts that authorize out-of-district charter schools are not accountable to the communities in which the schools are located (host districts) because residents in host districts cannot vote for an authorizing district’s school board.
 - iii) Authorizing districts can significantly increase their enrollments and revenue by authorizing out-of-district schools.
 - b) The State is unable to determine how many out-of-district charter school locations exist. We found that over 10 percent of the State’s charter schools have at least one school outside of the authorizing district’s boundaries.
 - c) We identified oversight issues at the three districts we visited.
 - i) None had formal procedures for evaluating their charter schools’ financial information so as to respond to indicators of financial distress.

- ii) The level of financial and academic oversight conducted by each district varied significantly due to vague state laws.
 - iii) The three districts could not demonstrate that they consistently monitored the academic performance of their charter schools, even though they performed below the average of comparable schools.”
- 8) **Charter School Task Force report.** The Governor has previously stated that rising charter school enrollments in some urban districts are having real impacts on those districts’ ability to provide essential support and services for their students. The Governor requested the SPI to convene a group of experts to closely examine the impact of charter school growth on district budgets and to provide a report and recommendations by July 1, 2019. The task force included 11 individuals—5 representing school labor or administrator groups, 4 representing charter schools, and 2 local education agency (LEA) superintendents.

On June 6, 2019, the SPI submitted the California Charter School Policy Task Force Report to the Governor. The report includes the following recommendations for which there was unanimous support:

- a) Extend the timeline to approve or deny a new charter school petition an additional 30 days.
- b) Create a statewide entity to develop standards for providing oversight to charter schools and provide training for authorizers.
- c) Include students transferring to charters schools in the average daily attendance “hold harmless” calculation for school districts.
- d) Provide additional discretion when considering a new charter school authorization and amend the role of CDE in oversight.

The report also includes the following recommendations for which there was majority support:

- a) Enact a one-year moratorium on the establishment of virtual charter schools.
- b) Remove the California State Board of Education from hearing appeals of charter petition denials.
- c) Limit the authorization of new charter schools to local districts with an appeals process that takes place at the County Board of Education only when there was an error by the district governing board.
- d) Prohibit districts from authorizing charter schools located outside of district boundaries.

- e) Allow authorizers to consider fiscal impact as part of the authorization process.
- f) Establish clear guidelines for use by authorizers and by charter applicants for new charter petitions.
- g) Update Education Code requirements to reflect current state accountability.

The report also notes that amending current law such that school districts “may” approve charter petitions instead of school districts “shall” approve charter schools, as specified, was not supported by the majority.

- 9) ***How would a charter school that is forced to petition the district in which they are located be affected by this bill?*** By requiring a charter school that has a site located outside of the boundaries of their authorizing school district to obtain approval in writing from the school district where the site is operating, this bill could result in certain charter schools being forced to close down and submit a new charter petition with the district in which they are physically located (rather than just submit a petition for renewal with their current out-of-district authorizer). While the charter school itself would not be new, it would still have to go through the same administrative processes required of new schools. These processes alone can be costly. Moreover, because several state and federal funding sources are allocated based on prior year attendance figures—the state Mandates Block Grant, College Readiness Block Grant, Educator Effectiveness Grant, Lottery, and certain federal block grants—new charter schools would not receive these funds in their first year of operation.

Given the stated goal of this measure, a one-time reduction in state and federal revenues for certain charter schools that need to reclassify their school for authorizer compliance purposes appears to be an unintended consequence. The author should consider adding a hold harmless funding mechanism for these charter schools, if not also a one-time authorizer transition process of some kind.

- 10) ***Committee amendment.*** As currently drafted, this bill would limit the number of resource centers, meetings spaces, or other satellite facilities that can be located within the jurisdiction of the school district where a charter school is physically located to one. This limitation appears to be modeled after the current limit of allowing charter schools to establish a (one) resource center located in an adjacent county, under specified circumstances. Given that this bill would limit the location of resource centers to the boundaries of the school district where the charter is operating, it is unclear why capping the number of resource centers under any and all circumstances at one is necessary. For example, students that reside in a geographically large district attending a nonclassroom-based charter school may have better access to tutoring if more than one resource center can be established.

If it is the desire of the Committee to pass this measure, ***staff recommends*** amending the bill to allow a charter school to establish additional resource centers, meetings spaces, or other satellite facilities within the jurisdiction of its

authorizing school district only if the charter school is physically located within the jurisdiction of its authorizing school district and after obtaining approval in writing from its authorizing school district for each resource center, meeting space, or other satellite facility.

SUPPORT

American Federation of State, County and Municipal Employees
California Association of Suburban School Districts
California-Hawaii State Conference of the NAACP
California Labor Federation
California School Boards Association
California State Association of Electrical Workers
California State Pipe Trades Council
California State PTA
California Teachers Association
Democrats for Neighborhood Action
Sulphur Springs Union School District
Townsend Public Affairs
Western States Council Sheet Metal, Air, Rail and Transportation

OPPOSITION

Able Charter Schools
Academia Avance
Ace Charter Schools
AeroSTEM Academy
Afisha Media Group
Alder Grove Charter School
Alliance College-Ready Public Schools
Alma Fuerte Public School
Alpha Public Schools
Alta Public Schools
Anahuacalmecac World School
Apex Academy
Ari Community Services
Arts in Action Community Charter Schools
Aspire Public Schools
Audeo Charter School
Bach Viet Association
Baypoint Preparatory Academy
Bella Mente Montessori Academy
Barona Band of Mission Indians
Bright Star Schools
Bullis Charter School
Cahuilla Band of Mission Indians
California Black Chamber of Commerce Foundation
Caliber Schools
California Connections Academy

California Pacific Charter Schools
Camino Nuevo Charter Academy
Campo Band of Kumeyaay Indians
Champs Charter High School of the Arts
Charter Schools Development Center
Chemehuevi Indian Tribe
Chico Country Day School
Chime Institute
Citizens of the World Charter School
City Charter Schools
Collegiate Charter High School of Los Angeles
Community School for Creative Education
Core Charter School
Creative Arts Charter School
Da Vinci Connect
Da Vinci Schools
Desert Trails Preparatory Academy
Ednovate
Education for Change
Eel River Charter School
El Sol Science and Arts Academy
Elk Grove Charter School
Endeavor College Prep
Environmental Charter Schools
Envision Education
Epic Charter School
Escuela Popular
Ewiiapaayp Band of Kumeyaay Indians
Excelencia Charter Academy
Excelsior Charter Schools
Extera Public Schools
Fenton Charter Public Schools
Forest Charter School
Gabriella Charter Schools
Gateway College and Career Academy
Gateway Community Charters
Girls Athletic Leadership Schools Los Angeles
Global Education Collaborative
Goals Academy
Gorman Learning Charter Network
Greater Bakersfield Chamber of Commerce
Green Dot Public Schools California
Grimmway Schools
Grossmont Secondary School
Growth Public Schools
Guajome Schools
Hawking Steam Charter School
Heritage Peak Charter School
High Tech Los Angeles

Highlands Community Charter School
Icef Public Schools
Iipay Nation of Santa Ysabel
Ilead California charter schools
Inaja-Cosmit Band of Indians
Ingenium schools
Inspire Charter Schools
International School for Science and Culture
Isana Academies
Ivy Academia Entrepreneurial Charter School
James Jordan Middle School
Jamul Indian Village a Kumeyaay Nation
John Muir Charter Schools
Julian Charter School
Kairos Public Schools
Kavod Charter School
Kid Street Learning Center Charter School
Kinetic Academy
KIPP Bay Area Public Schools
KIPP Bayview Academy
KIPP Bayview Elementary
KIPP Bridge Academy
KIPP LA Public Schools
La Jolla Band of Luiseño Indians
La Posta Band of Mission Indians
La Verne Elementary Preparatory Academy
La Vida Charter School
Language Academy of Sacramento
Larchmont Charter School
Lashon Academy
Leadership Public Schools
League of California Cities
Learn4Life Assurance Learning Academy
Leonardo da Vinci Health Sciences Charter School
Libertas College Preparatory Charter School
Lighthouse Charter School
Lighthouse Community Public Schools
Literacy First Charter Schools
Los Angeles Academy of Arts and Enterprise
Los Angeles International Charter School
Los Angeles Leadership Academy
Los Coyotes Band of Cahuilla and Cupeño Indians
Los Feliz Charter School for the Arts
Magnolia Public Schools
Making Waves Academy
Manzanita Band of the Kumeyaay Nation
Mesa Grande Band of Mission Indians
Mirus Secondary School
Multicultural Learning Center
National Action Network

Navigator Schools
New Academy of Sciences and Arts
New Designs Charter School
New Horizons Charter Academy
New Los Angeles Charter Schools
New West Charter
Norton Science and Language Academy
Nova Academy Early College High School
Oakland Unity High School
Odyssey Charter Schools
Olive Grove Charter School
Orange County Academy of Sciences and Arts
Orange County Educational Arts Academy
Pacific Charter Institute
Pacific Community Charter School
Pacoima Charter School
Pala Band of Mission Indians
Palisades Charter High School
Partnerships to Uplift Communities Schools
Pauma Band of Luiseño Indians
Perseverance Prep
Pivot Charter Schools
Plumas Charter School
Public Safety Academy of San Bernardino
Puente Charter School
Redwood Academy of Ukiah
Redwood Preparatory Charter
Resolute Academy
Rex and Margaret Fortune School of Education
Rincon Band of Luiseño Indians
Rio Valley Charter School
Rocketship Public Schools
Rocklin Academy Family of Schools
Ross Valley Charter School
Sacramento Area League of Associated Muslims
Sacramento Black Chamber of Commerce
Sacramento Music Summit "The Creative Exchange"
Sacramento Valley Charter School
Samueli Academy
San Diego Cooperative Charter Schools
San Diego Global Vision Academy
San Jose Charter Academy
San Jose Conservation Corps & Charter School
San Pasqual Band of Mission Indians
Santa Rosa Academy
Santa Rosa Band of Cahuilla Indians
Scholarship Prep Charter School
Sebastopol Independent Charter
Shasta Charter Academy
Sherman Thomas Charter School

Slicon Schools Fund
Soar Charter Academy
Sol Aureus College Preparatory
Soleil Academy
Southern California Tribal Chairmen's Association
Springs Charter School
Springs Charter Schools
St Hope Public Schools
Stem Prep Schools
Summit Leadership Academy High Desert
Summit Public Schools
Sutter Peak Charter Academy
Sweetwater Secondary School
Sycamore Academy of Science and Cultural Arts
Sycamore Creek Community Charter School
Sycuan Band of the Kumeyaay Nation
Taylion Academy
TEACH Public Schools
The Academies
The Charter School of San Diego
The Foundation for Hispanic Education
The New School of San Francisco
The Preuss School UCSD
Thrive Public Schools
Tree of Life Charter School
Twin Ridges Home Study Charter School
University High School
University Preparatory Academy
Urban Discovery Academy
Valley Charter School
Vaughn Next Century Learning Center
Ventura Charter School of Arts and Global Education
Viejas Band of Kumeyaay Indians
Village Charter Academy
Visions in Education
Vista Charter Public Schools
Voices College Bound Language Academies
Vox Collegiate of Los Angeles
Western Sierra Charter Schools
Westlake Charter School
Willits Charter School
Willow Creek Academy
Wish Charter Schools
Yes Charter Academy
Young, Minney & Corr, LLP
Youth Policy Institute Charter Schools

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