Senate Education Committee

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Overview

• Charter School Facts
• Petition Process
• Statutory Requirements
  • Findings & Recommendations
Charter School Facts

California has:

- Over **1,250 Charters**

- Approximately **10% of the student population**, or **600,000** students, are enrolled in charter schools

- **32% of all authorizers** and **18% of all charters** in the nation

- **90% of authorizers** are **local school districts**

- **85% oversee 5 or fewer** charters

- **52% of these oversee only 1**
In California.....

More than 80% of charter school closures are due to financial or fiscal mismanagement.

Within the last year... 1 high performing charter school and 1 charter school organization that served 4 schools closed.
Petition Process

The Primary Goal

To ensure fiscal stability and academic success

Yet...in most districts there are limited, if any, processes and procedures to guide the petition and oversight process.
The Petition Process

- Education Code – **16 Elements**
- Only 1 pertains to audits and audit deficiencies
- **No element addresses** adequate budgets and assumptions to adequately review fiscal solvency
- Timelines are extremely short –
  - **30 days** upon receipt of the petition to hold a hearing
  - **60 days** upon receipt of the petition to approve or deny
The Petition Process

Relevant Issues

1. Most districts lack expertise

2. Board members are frustrated with the process
   - Timelines for a complete review are too short
   - Limited reasons for denial
   - Fiscal capacity is not emphasized

3. Inadequate measures/metrics to evaluate the budget, assumptions, debt, cash projections or enrollment

4. No capacity interview is required
Statutory Requirements

Minimal - Vague and limited

1. One annual visit
2. Ensure receipt of fiscal report: budget, interim reports, cash flow, audit and LCAP
3. Monitor fiscal condition
4. Provide timely notification for revocation or charter closure
Statutory Requirements

Findings

✓ One annual visit is insufficient to ensure oversight

✓ Authorizers are required to access academic performance every 5 years

✓ The petition should include annual measurable metrics and standards for authorizer oversight
Findings

- Petition timelines are too short
- Oversight fees of up to 1% and 3% are insufficient to cover the cost of even minimal oversight
Statutory Requirements -

**Recommendations**

- A capacity interview should be required during the petition process
- The annual oversight function should be identified in the petition and include:
  - Academic performance,
  - Fiscal accountability,
  - Governance training, and
  - Legal compliance.
Recommendations

✓ EC 47604.32 (d) states that authorizing entities must monitor the fiscal condition of charter schools.

✓ It doesn’t say how – the details are left to be determined by the authorizer and the charter school

✓ Measurable metrics and standards should be spelled out in the charter petition prior to authorization
Recommendations

✓ Petition timelines should be extended to account for a capacity interview within 30 days, public hearing within 60 days, and consideration to approve or deny within 120 days.

✓ Oversight fees should be increased to cover the cost of the authorizer’s adequate oversight process.