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2005 LEGISLATIVE CHANGES RELATED TO CHARTER SCHOOLS¹

As you may know, the 2005 legislative year ended with significant revisions being made to the Charter Schools Funding Model, specifically as it applies to in-lieu categorical block grant funding, as well as other important changes impacting charter school operations. The most significant changes are summarized for your information below:

Assembly Bill (AB) 740, Huff (Chapter 359, Statutes of 2005)

AB 740 establishes a new method of calculating the in-lieu categorical block grant for charter schools for fiscal years 2005-06, 2006-07, and 2007-08 and thereafter. For the first time, charter schools are guaranteed an annual adjustment in the categorical block grant amount for inflation. The legislation also states intent to compensate for unanticipated changes in average daily attendance (ADA), and counts of educationally disadvantaged pupils in charter schools. In addition, a triennial review (commencing October 1, 2007) will ensure that the appropriateness of the level of funding provided by the categorical block grant will occur.

Fiscal year 2005-06 funding levels are much the same as last year. For fiscal year 2006-07, the categorical block grant will be four hundred dollars (\$400) per unit of charter school ADA as determined at the second principal apportionment (P-2). This amount is increased in fiscal year 2007-08 to five hundred dollars (\$500) per unit of ADA. These amounts will be supplemented by the allocation of Economic Impact Aid for pupils who are English learners or from low-income families, or both. AB 740 simplifies the calculation of categorical block grant funding and attempts to assure comparability with funding available to noncharter schools serving similar populations.

Actual block grant funding rates for this year will not be known until P-1 (the end of February). For a list of programs that are included in the block grant, please view the chaptered version of the bill at http://www.leginfo.ca.gov/pub/bill/asm/ab_0701-0750/ab_740_bill_20050928_chaptered.html.

For information on block grant funding rates for 2005-06, go to our Web site at <http://www.cde.ca.gov/sp/cs/as/cscatblockgrnt0506.asp>.

AB 1610, Wolk (Chapter 543, Statutes of 2005)

AB 1610 was the California Department of Education's (CDE) vehicle to accomplish technical cleanup of various provisions of the Charter Schools Act and related sections of the Education Code affecting charter schools. In summary, AB 1610 does the following:

¹ Electronic Charter School Communication, California Department of Education, Charter Schools Division, November 11, 2005.

- Extends the State Board of Education's (SBE) authority to grant Education Code waivers to charter schools by one year (from July 1, 2005, to January 1, 2007).
- Clarifies existing law — charter schools are required to meet statewide standards and conduct specified pupil assessments, including the California High School Exit Examination (CAHSEE). Charter school students completing grade 12 must successfully pass the CAHSEE as a condition of receiving a diploma of graduation.
- Requires charter schools to notify the superintendent of the school district of a charter school student's last known address within 30 days if the student is expelled or leaves the charter school without graduating or completing the school year. This provision is intended to ensure that students don't "fall through the cracks" and become truant for long periods of time before school district authorities become aware that the student is no longer enrolled in any school.
- Establishes consistent requirements for the elements that must be included within a charter school petition, regardless of how the petition was approved (e.g., by the school district or county office of education, or as a charter of "countywide" or "statewide" significance).
- Requires that renewals and material revisions of charter school petitions incorporate a reasonably comprehensive description of any new requirement of charter schools enacted into law after the charter was originally granted or last renewed.
- Permits the SBE to waive fiscal penalties incurred by a charter school as a result of noncompliance with the requirement that the charter school offer, at a minimum, a specified number of annual minutes of instruction. (Note: Charter schools must still "make up" the number of minutes that it failed to offer for twice the number of years that it failed to maintain the required minimum number of annual instructional minutes.)
- Gives charter schools the option of using a 25:1 statewide pupil-teacher ratio as an alternative to the ratio used by the largest unified school district in the county or counties where the charter school operates, and includes all charter school pupils, regardless of age, in the pupil-teacher ratio calculations. (Note: This provision impacts nonclassroom-based charter school programs operating under independent study law.)

Senate Bill (SB) 1054, Soto (Chapter 87, Statutes of 2005)

SB 1054 clarifies that charter schools are not exempt from the provisions of the California Building Standards Code (CSBC) as adopted and enforced by local building enforcement agencies. This provision does not apply to charter schools which are already subject to the requirements of the Field Act. (Note: The Field Act governs design and construction, and reconstruction or alteration, of school buildings, for the protection of life and property, but is one of those provisions that have, until now, not been applicable to charter schools. However, charter schools have arguably always been subject to local building code requirements as locally enforced, and some charter schools have voluntarily complied with the Field Act requirements.)

Charter schools have until January 1, 2007, to come into compliance with either the CBSC or the Field Act.

AB 1358, Mullin (Chapter 229, Statutes of 2005)

AB 1358 requires notification of the Department of Transportation by a school district or charter school when a facility is to be located within two nautical miles of an airport runway.

SB 430, Runner (Chapter 430, Statutes of 2005)

SB 430 specifically extends the authority of a county superintendent of schools to request the Fiscal Crisis Management and Assistance Team (FCMAT) to review the fiscal or administrative condition of a school district under his or her jurisdiction to include any charter school operating within the county. This bill also permits a charter school to initiate a request for FCMAT assistance, but requires the charter school to pay for related costs.

SB 319, Migden (Chapter 355, Statutes of 2005)

SB 319 is a very complex measure that attempts to address the financial penalties incurred by unified school districts for high school charter school ADA. It does so by limiting the calculation to only new conversion charter schools in unified districts (except that it applies to all charter schools in basic aid districts), and phasing out these adjustments by imposing only half the loss or gain in 2005-06 for older charter schools, and zero thereafter.

If you should have any questions regarding this update, please contact Paul Minney (pminney@smymlaw.com), Jim Young (jyoung@smymlaw.com) or Lisa Corr (lcorr@smymlaw.com) at the Law Offices of Spector, Middleton, Young & Minney, LLP at (916) 646-1400.

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