2019 Changes to California's Charter School Laws

# Considering Community and Fiscal Impact



In 2019, the Legislature enacted the most substantial changes to California's charter school laws since passage of the original California Charter Schools Act in 1992. These changes resulted from increased demands from district *and* charter parents, educators, administrators, and school board members, as communities throughout California faced the significant impacts of unregulated charter school growth, as well as increasing concerns that charter schools do not serve all students. As Governor Newsom stated in his first budget proposal, unchecked charter school expansion has had real impacts on districts' ability to provide essential support and services for their students.<sup>1</sup>

Included in these new laws are provisions that allow school districts and counties to consider the community and fiscal impacts of new charter school petitions and requests to expand existing schools.

A growing body of research has confirmed that the fiscal impact of charter schools on public school districts is real and significant. In California alone, a 2018 study (and 2019 update) found the annual cost of previously unchecked charter school expansion was \$57.3 million in Oakland Unified, \$65.9 million in San Diego Unified, \$19.3 million in East Side Union High School District, and \$27.9 million in West Contra Costa Unified.<sup>2</sup> Earlier studies in Buffalo, NY; Durham, NC; Pennsylvania; and Los Angeles had similar findings.<sup>3</sup>

While this fiscal impact has been measured extensively, AB 1505 marks the first time that California charter school authorizers will be able to consider its effects when deciding to approve new schools or expand existing ones.

## **Clear Legislative Intent**

"This bill allows school districts to have flexibility to consider the community impact, including the fiscal impact to the school district, when a new charter school, or existing charter school that is expanding, presents a petition to the school district. If a charter school is not enrolling as many students with disabilities, especially severely disabled students, the resulting negative fiscal impact on the school district may be considered during renewal if the charter school proposes to expand. Additionally, my intent is to authorize school districts to consider the impact that a charter school would have on school district programs such as English Learner instruction, hands-on science, music, and theater. The challenges of sharing space with a charter school may limit use of science labs, music rooms, and computer labs, and these are some of the factors AB 1505 will allow school districts to consider before a new or expanding charter school is approved. Further, school districts may consider the staffing needs of district services and programs that might be impacted by a charter school, and if layoffs of custodial positions, teachers, school resource officers, and other school staff is likely to be exacerbated by the addition of a new or expanding charter school, school boards must take this into account in order to meet the needs of all students." - Assembly Floor Analysis of AB 1505

Following are details of the community and fiscal impact provisions of AB 1505, all effective July 1, 2020:

(continued on next page)

### Protect the Interests of the Entire Community

Under AB 1505, there are now additional factors a district must consider in granting or denying a petition, including:

- Whether the charter school is demonstrably unlikely to serve the interests of the entire community in which the school proposes to locate, a finding which shall include consideration of the fiscal impact of the proposed charter school, and
- The extent to which the proposed charter school would substantially undermine existing services, academic offerings, or programmatic offerings, and
- Whether the proposed charter school would duplicate programs with existing capacity that are currently offered within the school district.

#### **Protect Districts** in Fiscal Distress

AB 1505 also adds a provision that allows denial when a school district is not positioned to absorb the fiscal impact of a proposed charter school, including a rebuttable presumption of denial in districts that are facing certain fiscal challenges. These fiscal challenges include:

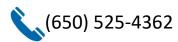
- The district is under state receivership,
- The district has a negative interim certification of its financial reports, or
- The district has a qualified interim certification of its financial reports that would lead to a negative certification if a new charter school is approved (the County Superintendent, in consultation with FCMAT, must agree).

Previously a charter petition must have been granted, unless the chartering authority made written findings setting forth specific facts supporting denial. Under this provision, the petition *must be denied* unless the petitioner can specifically overcome the presumption of denial.

## Fiscal Impact of Requests to Expand

While authorizers are not permitted to consider the fiscal and community impacts of charter school renewals, they are permitted to consider the fiscal and community impacts of requests to add grade levels or additional sites (in the form of a material revision) on other district schools, programs, and services.

These changes represent a significant overhaul of existing laws, and it is important that they are implemented correctly from the start. Use our new rapid response hotline for questions or to report new charter school petitions or requests to expand in your district:







<sup>&</sup>lt;sup>1</sup> http://www.ebudget.ca.gov/budget/2019-20/#/BudgetSummary

<sup>&</sup>lt;sup>2</sup> http://bit.ly/ITPIBreakingPoint; http://bit.ly/ITPIWCCUSD

<sup>3</sup> http://bit.ly/FiscalImpactNY; https://srn.com/abstract=3082968; http://bit.ly/FiscalImpactNashville; http://bit.ly/FiscalImpactPA; http://thecostofcharterschools.org/ccs/eir