

Senate Education Committee

October 23, 2017

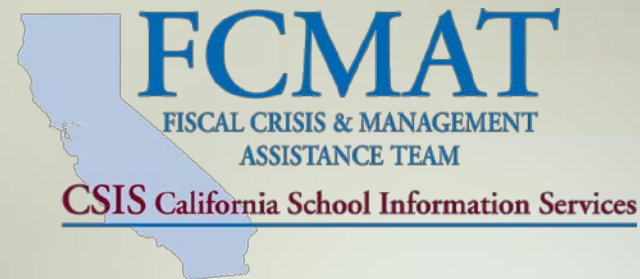
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Overview

- 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

Charter School Facts

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

Statutory Requirements

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.

Statutory Requirements -

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*

Statutory Requirements -

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