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Overview of Charter Schools and Their Funding

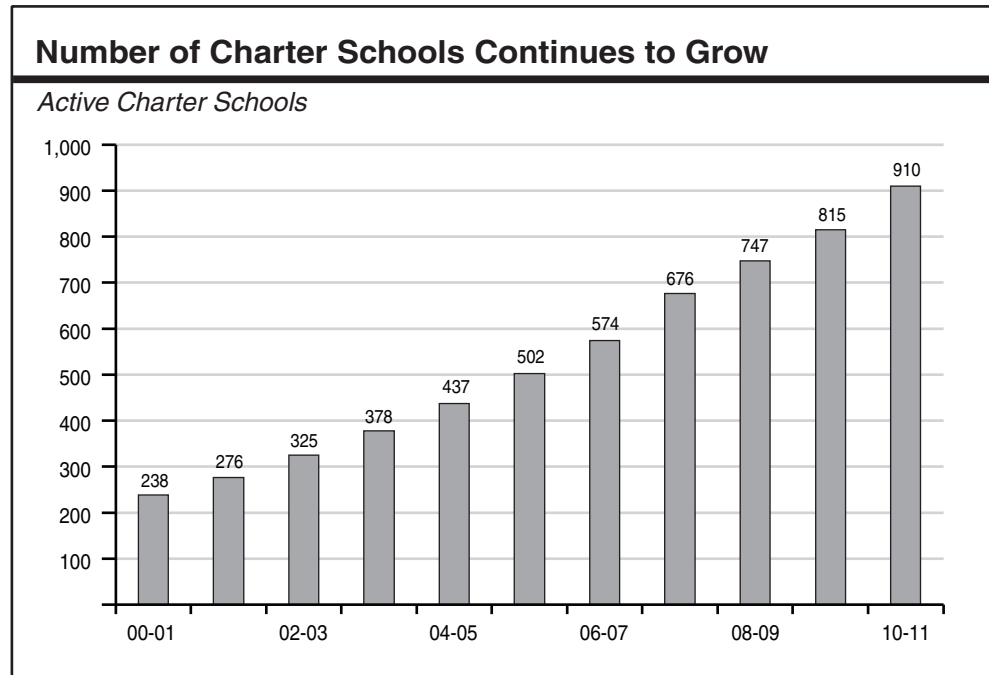
LEGISLATIVE ANALYST'S OFFICE

Presented to:
Assembly Budget Subcommittee No. 2 on Education Finance
Hon. Susan Bonilla, Chair





Overview of Charter Schools in California



Charter Schools Offer Two General Modes of Instruction

- A classroom-based school has at least 80 percent of its instructional time take place on the school site.
- A nonclassroom-based school conducts at least 20 percent of its instruction off site (includes independent study, work study, computer-based instructional programs, and distance learning).
- Of 910 charter schools in California, 710 are classroom-based and 200 are nonclassroom-based.



Charter School Student Population Continues to Grow

- Currently, charter schools serve about 350,000 students statewide—70 percent of which are in classroom-based schools and 30 percent in nonclassroom-based schools.



Four Major Types of Funding



General Purpose Entitlement

- Charter schools receive a per-pupil general-purpose amount (roughly \$5,077) based on the statewide average revenue limit amount school districts receive for four grade spans.



In-Lieu Categorical Funding

- Charter schools also receive funding in lieu of 37 categorical programs—consisting of the 21 programs in the charter school categorical block grant and 16 other programs that are “flexed” but not in the block grant.
- These in-lieu categorical funds may be used for any educational purpose.



Restricted Programs

- Eight programs are still restricted for charter schools.
- Some of the programs that remain restricted for charter schools are special education, assessments, and the After School Education and Safety Program.



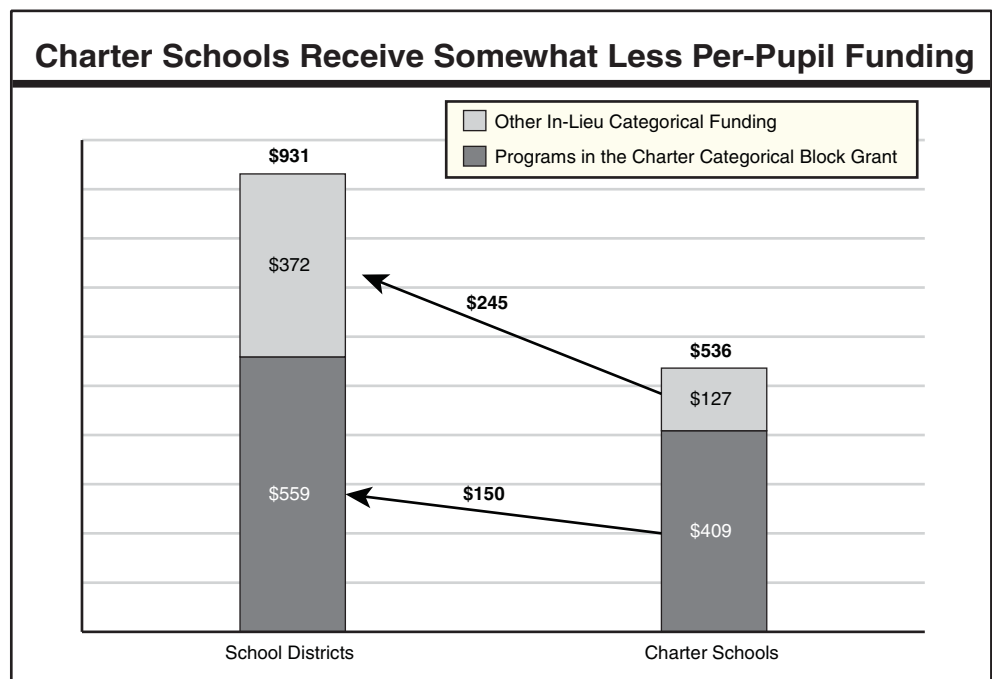
Reimbursable Mandates

- Charter schools currently are not eligible claimants in the mandate reimbursement process and consequently do not receive funding for any mandated activities state law requires them to complete.



Funding Gap Between Charter Schools and School District Peers

- ☑ Charter Schools Receive \$395, or 7 Percent, Less Per Pupil Than Their School District Peers
- ☑ Funding Disparity Primarily Linked to In-Lieu Categorical Funding





Funding Gap Exacerbated by Two Factors



K-3 Class Size Reduction (CSR) Program

- All new schools essentially locked out of funding beginning 2009-10.
- Participating schools, on average, receive \$721 per student.
- New charter schools receive no associated funding.



Education Mandates

- State law requires charter schools complete 17 of 36 active mandates.
- Claiming school districts receive roughly \$46 per pupil for the 17 activities that apply to charter schools.
- Charter schools receive no associated funding.



Funding Gap Exacerbated by Two Factors

(Continued)

Charter Schools Required to Do Some Mandate-Related Activities	
Required Activities for Both Charter Schools and School Districts^a	
Agency Fee Arrangements	High School Exit Examination
Behavioral Intervention Plans ^b	High School Science Graduation Requirements ^b
CalSTRS Service Credit	Immunization Records—Hepatitis B
Caregiver Affidavits	Immunization Records—Original
Collective Bargaining	Missing Children Notifications
Comprehensive School Safety Plans	Physical Performance Tests
Criminal Background Checks I-II	Pupil Health Screenings
Expulsion Transcripts	Pupil Suspensions, Expulsions, and Expulsion Appeals
Financial Compliance and Audits	
Required Activities Only for School Districts	
Stull Act	Mandate Reimbursement Process
Absentee Ballots	Notification of Truancy
AIDS Prevention Instruction I-II	Notification to Teachers of Mandatory Expulsion
Annual Parent Notification	Open Meetings Act ^c
Charter Schools I-III	Pupil Safety Notices
Differential Pay and Reemployment	School Accountability Report Cards
Habitual Truant Parent Notification and Conference	School District Fiscal Accountability Reporting
Inter/Intradistrict Attendance	County Office Fiscal Accountability Reporting
Juvenile Court Notices II	School District Reorganizations
Law Enforcement Agency Notifications	
^a These mandates are statutorily required of school districts and either statutorily or implicitly required of charter schools. ^b Reimbursement for these mandates has not yet commenced due to pending issues in the mandate determination process. ^c Ambiguity in current law regarding whether charter schools are required to complete the activity. CalSTRS = California State Teachers' Retirement System.	



Cost of Addressing Funding Disparities if Existing Funding Approach Is Retained



The Total Cost of Completely Closing the Funding Gap in 2012-13 Is \$200 Million

- Closing the in-lieu categorical funding gap costs \$174 million.
- Providing K-3 CSR funding for new charter schools costs \$16 million.
- Providing charter schools with funding for applicable mandated activities costs roughly \$10 million.



Governor's Proposals Address Funding Disparities

- Governor Would Replace Most of the Existing Funding Formulas With One New Weighted Student Formula**

- Weighted Student Formula Proposal Would Eliminate Virtually All Funding Disparities**
 - Formula ties most funding to student need for all local education agencies.
 - Charter schools placed on same funding model as school districts.

- Mandate Block Grant Proposal Would Allow Charter Schools to Access Funding for Associated Activities**
 - Block grant would provide \$26 per pupil for participating charter schools.