

AMENDED IN SENATE AUGUST 30, 2011

AMENDED IN SENATE JULY 12, 2011

AMENDED IN SENATE JUNE 29, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 440

Introduced by Assembly Member Brownley
(Principal coauthor: Senator Simitian)

February 14, 2011

An act to amend Sections ~~14502.1~~, 47604, 47605, 47605.6, and ~~47607~~ 47607, and 47607.5 of, and to add Section 47630.6 to, the Education Code, relating to charter schools.

LEGISLATIVE COUNSEL'S DIGEST

AB 440, as amended, Brownley. Charter schools.

~~(1) Existing law requires the Controller, in consultation with the Department of Finance and the State Department of Education, to develop a plan to review and report on financial and compliance audits. Existing law requires the Controller to propose the content of an audit guide and authorizes a supplement to the audit guide to be suggested in the audit year to address issues resulting from new legislation in that year that changes the conditions of apportionment. Existing law requires the Controller to submit the proposed content of the audit guide and any supplement to the Education Audit Appeals Panel for review and possible amendment and requires the Education Audit Appeals Panel to adopt the audit guide and any supplement pursuant to the rulemaking procedures of the Administrative Procedure Act.~~

~~This bill would require the Controller to propose, and the Education Audit Appeals Panel to adopt, a charter school audit guide in order to~~

~~provide guidance to auditors regarding which sections of the school district and county office of education audit guide apply to charter schools and to create specific guidance related to the unique nature of charter schools. The bill also would make conforming changes.~~

~~(2)~~

~~(1) The Charter Schools Act of 1992 (Charter Schools Act) allows a charter school to elect to operate as, or be operated by, a nonprofit public benefit corporation, as specified.~~

~~This bill would impose a state-mandated local program by requiring a charter school operating as, or operated by, a for-profit corporation to notify the Superintendent of Public Instruction of that fact in writing when the petition is first approved, upon renewal of the petition, and if there is a change in the for-profit status of the school.~~

~~(3)~~

~~(2) The Charter Schools Act specifies the procedures for the submission, review, and approval or denial of a petition to establish a standard or countywide charter school. The act allows the governing board of a school district to deny a charter petition only if the board makes written factual findings that support certain facts regarding the petition. The act requires a county board of education to deny a petition to establish a countywide charter school if the board makes any of several specified factual findings.~~

~~This bill would authorize a school district and a county board of education, in determining whether to grant a charter petition, to consider whether the petitioner has operated another charter school for at least 3 consecutive years and one of several specified events has occurred. The bill would require a charter petition to describe the means by which the school will serve certain pupil populations.~~

~~(4)~~

~~(3) The Charter Schools Act limits the duration of charters to a period not to exceed 5 years and authorizes the chartering authority to grant one or more subsequent renewals for an additional period of 5 years. The act prescribes the requirements a charter school must comply with in order to have its charter renewed, including a requirement that a charter school that has been in operation for 4 years satisfy at least one of several specified criteria regarding academic performance.~~

~~This bill would change the criteria a charter school is required to meet in order to have its charter renewed.~~

~~The bill would authorize a charter school not meeting the renewal criteria to apply to the State Board of Education for a determination of~~

academic eligibility for the renewal of its charter by submitting supporting evidence to the state board and the Superintendent of Public Instruction. *The bill would require the charter school to submit a copy of the application and supporting evidence to its charter authorizer.* The bill would require the Superintendent *and authorize the charter authorizer* to make a recommendation to the state board on the application. The bill would require the state board to issue a positive determination of academic eligibility if the state board finds that the charter school clearly demonstrates that the academic performance of the school's pupils builds an expectation that the pupils will continue to improve academically and have the opportunity to be successful in college or career. A charter renewal based on a determination of academic eligibility would be granted for only 3 years.

(5)

(4) The Charter Schools Act requires a charter petition to include a reasonably comprehensive description of the manner in which annual, independent financial audits will be conducted. The act requires a charter school to transmit a copy of its annual, independent financial audit report for the preceding fiscal year to its chartering entity, the Controller, the county superintendent of schools of the county in which the charter school is sited, except as specified, and the State Department of Education by December 15 of each year.

This bill would require the Controller, by December 31 of each fiscal year, to publish a directory of certified public accountants and public accountants, licensed by the California Board of Accountancy, deemed by the Controller to be qualified to conduct audits of charter schools. The bill would require each audit of a charter school to be conducted by a certified public accountant or public accountant selected by the charter school from the directory. The bill would specify that it is unlawful for a public accounting firm to provide audit services to a charter school if the lead audit partner, or coordinating audit partner, having primary responsibility for the audit, or the audit partner responsible for reviewing the audit, has performed audit services for that charter school in each of the 6 previous fiscal years, except as provided.

(6)

(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 ~~SECTION 1. It is the intent of the Legislature in enacting this~~
2 ~~act to do all of the following:~~
3 ~~(a) Ensure successful conditions for high-performing and~~
4 ~~high-quality charter schools and encourage high levels of academic~~
5 ~~performance and sound fiscal management practices among charter~~
6 ~~schools.~~
7 ~~(b) Implement accountability standards for charter schools that~~
8 ~~will ensure that all charter schools are of high quality.~~
9 ~~(c) Ensure successful conditions for high-performing charter~~
10 ~~schools by setting academic achievement targets as a condition of~~
11 ~~charter renewal, accountability standards to identify charter schools~~
12 ~~that are not high quality, and evaluation standards to determine~~
13 ~~whether entities operating multiple charter schools are establishing~~
14 ~~and operating high-quality charter schools.~~
15 ~~(d) Establish fiscal management standards for charter schools~~
16 ~~that are as rigorous as those for other schools and school districts,~~
17 ~~in order to ensure the most efficient and effective use of public~~
18 ~~funds for the education of children in California.~~
19 ~~(e) Ensure successful conditions for high-performing charter~~
20 ~~schools by setting standards for the auditing of, and financial~~
21 ~~reporting by, charter schools so as to provide for the transparent~~
22 ~~use of public funds.~~
23 ~~(f) Require a charter school authorizer to consider during a~~
24 ~~charter school renewal whether a charter school has intentionally~~
25 ~~targeted high-achieving pupils to attend the charter school and~~
26 ~~whether the charter school's population generally reflects a similar~~
27 ~~proportion of low-achieving pupils as the local school district pupil~~
28 ~~population, especially high-need pupils, including, but not limited~~
29 ~~to, pupils with disabilities, pupils living in poverty, and English~~
30 ~~learners.~~

1 SEC. 2.—Section 14502.1 of the Education Code is amended to
2 read:

3 14502.1.—(a) ~~The Controller, in consultation with the~~
4 ~~Department of Finance and the State Department of Education,~~
5 ~~shall develop a plan to review and report on financial and~~
6 ~~compliance audits. The plan shall commence with the 2003–04~~
7 ~~fiscal year for audits of school districts, other local education~~
8 ~~agencies, and the offices of county superintendents of schools.~~
9 ~~The Controller, in consultation with the Department of Finance,~~
10 ~~the State Department of Education, and representatives of the~~
11 ~~California School Boards Association, the California Association~~
12 ~~of School Business Officials, the California County~~
13 ~~Superintendents Educational Service Association, the California~~
14 ~~Teachers Association, and the California Society of Certified Public~~
15 ~~Accountants, shall recommend the statements and other information~~
16 ~~to be included in the audit reports filed with the state, and shall~~
17 ~~propose the content of an audit guide to carry out the purposes of~~
18 ~~this chapter. A supplement to the audit guide may be suggested in~~
19 ~~the audit year, following the above process, to address issues~~
20 ~~resulting from new legislation in that year that changes the~~
21 ~~conditions of apportionment. The proposed content of the audit~~
22 ~~guide and any supplement to the audit guide shall be submitted by~~
23 ~~the Controller to the Education Audits Appeal Panel for review~~
24 ~~and possible amendment.~~

25 (b) ~~The audit guide and any supplement shall be adopted by the~~
26 ~~Education Audits Appeal Panel pursuant to the rulemaking~~
27 ~~procedures of the Administrative Procedure Act as set forth in~~
28 ~~Chapter 3.5 (commencing with Section 11340) of Part 1 of Division~~
29 ~~3 of Title 2 of the Government Code. It is the intent of the~~
30 ~~Legislature that, for the 2003–04 fiscal year, the audit guide be~~
31 ~~adopted by July 1 of the fiscal year to be audited. A supplemental~~
32 ~~audit guide may be adopted to address legislative changes to the~~
33 ~~conditions of apportionment. It is the intent of the Legislature that~~
34 ~~supplements be adopted before March 1 of the audit year.~~
35 ~~Commencing with the 2004–05 fiscal year, and each fiscal year~~
36 ~~thereafter, the audit guide shall be adopted by July 1 of the fiscal~~
37 ~~year to be audited. A supplemental audit guide may be adopted to~~
38 ~~address legislative changes to the conditions of apportionment.~~
39 ~~The supplements shall be adopted before March 1 of the audit~~
40 ~~year. To meet these goals and to ensure the accuracy of the audit~~

1 guide, the process for adopting emergency regulations set forth in
2 Section 11346.1 of the Government Code may be followed to
3 adopt the guide and supplemental audit guide. It is the intent of
4 the Legislature that once the audit guide has been adopted for a
5 fiscal year, as well as any supplement for that year, thereafter only
6 suggested changes to the audit guide and any additional
7 supplements need be adopted pursuant to the rulemaking
8 procedures of the Administrative Procedure Act. The audit guide
9 and any supplement shall be issued in booklet form and may be
10 made available by any means deemed appropriate. The Controller
11 and consultants in the development of the suggested audit guide
12 and any supplement shall work cooperatively on a timeline that
13 will allow the Education Audits Appeal Panel to meet the July 1
14 and March 1 issuance dates. Consistent with current practices for
15 development of the audit guide before the 2003-04 fiscal year, the
16 Controller shall provide for the adoption of procedures and
17 timetables for the development of the suggested audit guide, any
18 supplement, and the format for additions, deletions, and revisions.

19 (c) For the audit of school districts or county offices of education
20 electing to take formal action pursuant to Sections 22714, 22714.5
21 (as it read prior to January 1, 2005), 44929, and 44929.1 (as it read
22 prior to January 1, 2005), the audit guide content proposed by the
23 Controller shall include, but not be limited to, the following:

- 24 (1) The number and type of positions vacated.
- 25 (2) The age and service credit of the retirees receiving the
26 additional service credit provided by Sections 22714, 22714.5 (as
27 it read prior to January 1, 2005), 44929, and 44929.1 (as it read
28 prior to January 1, 2005).
- 29 (3) A comparison of the salary and benefits of each retiree
30 receiving the additional service credit with the salary and benefits
31 of the replacement employee, if any.
- 32 (4) The resulting retirement cost, including interest, if any, and
33 postretirement health care benefits costs, incurred by the employer.

34 (d) The Controller shall annually prepare a cost analysis, based
35 on the information included in the audit reports for the prior fiscal
36 year, to determine the net savings or costs resulting from formal
37 actions taken by school districts and county offices of education
38 pursuant to Sections 22714, 22714.5 (as it read prior to January
39 1, 2005), 44929, and 44929.1 (as it read prior to January 1, 2005);

1 and shall report the results of the cost analysis to the Governor and
2 the Legislature by April 1 of each year.

3 ~~(e) All costs incurred by the Controller to implement subdivision~~
4 ~~(e) shall be absorbed by the Controller.~~

5 ~~(f) Pursuant to subdivisions (a) and (b), the Controller shall~~
6 ~~propose, and the Education Audits Appeal Panel shall adopt, a~~
7 ~~charter school audit guide to provide guidance on the sections of~~
8 ~~the school district and county office audit guide that apply to~~
9 ~~charter schools and to provide specific guidance on the unique~~
10 ~~nature of charter schools. In developing the charter school audit~~
11 ~~guide, the Controller shall consult with representatives of the~~
12 ~~following organizations:~~

13 ~~(1) Organizations specified in subdivision (a).~~

14 ~~(2) The California Charter Schools Association.~~

15 ~~(3) The Association of California School Administrators.~~

16 ~~(4) Other charter school organizations, as appropriate.~~

17 ~~SEC. 3.~~

18 *SECTION 1.* Section 47604 of the Education Code is amended
19 to read:

20 47604. (a) Charter schools may elect to operate as, or be
21 operated by, a nonprofit public benefit corporation, formed and
22 organized pursuant to the Nonprofit Public Benefit Corporation
23 Law (Part 2 (commencing with Section 5110) of Division 2 of
24 Title 1 of the Corporations Code).

25 (b) The governing board of a school district that grants a charter
26 for the establishment of a charter school formed and organized
27 pursuant to this section shall be entitled to a single representative
28 on the board of directors of the nonprofit public benefit corporation.

29 (c) An authority that grants a charter to a charter school to be
30 operated by, or as, a nonprofit public benefit corporation is not
31 liable for the debts or obligations of the charter school, or for
32 claims arising from the performance of acts, errors, or omissions
33 by the charter school, if the authority has complied with all
34 oversight responsibilities required by law, including, but not limited
35 to, those required by Section 47604.32 and subdivision (m) of
36 Section 47605.

37 (d) A charter school operated as, or operated by, a for-profit
38 corporation shall notify the Superintendent of that fact in writing
39 when the petition is first approved, upon renewal of the petition,
40 and if there is a change in the for-profit status of the school.

1 ~~SEC. 4.~~

2 *SEC. 2.* Section 47605 of the Education Code is amended to
3 read:

4 47605. (a) (1) Except as set forth in paragraph (2), a petition
5 for the establishment of a charter school within a school district
6 may be circulated by one or more persons seeking to establish the
7 charter school. A petition for the establishment of a charter school
8 shall identify a single charter school that will operate within the
9 geographic boundaries of that school district. A charter school
10 may propose to operate at multiple sites within the school district,
11 as long as each location is identified in the charter school petition.
12 The petition may be submitted to the governing board of the school
13 district for review after either of the following conditions are met:

14 (A) The petition is signed by a number of parents or legal
15 guardians of pupils that is equivalent to at least one-half of the
16 number of pupils that the charter school estimates will enroll in
17 the school for its first year of operation.

18 (B) The petition is signed by a number of teachers that is
19 equivalent to at least one-half of the number of teachers that the
20 charter school estimates will be employed at the school during its
21 first year of operation.

22 (2) A petition that proposes to convert an existing public school
23 to a charter school that would not be eligible for a loan pursuant
24 to subdivision (b) of Section 41365 may be circulated by one or
25 more persons seeking to establish the charter school. The petition
26 may be submitted to the governing board of the school district for
27 review after the petition is signed by not less than 50 percent of
28 the permanent status teachers currently employed at the public
29 school to be converted.

30 (3) A petition shall include a prominent statement that a
31 signature on the petition means that the parent or legal guardian
32 is meaningfully interested in having his or her child or ward attend
33 the charter school, or in the case of a teacher's signature, means
34 that the teacher is meaningfully interested in teaching at the charter
35 school. The proposed charter shall be attached to the petition.

36 (4) After receiving approval of its petition, a charter school that
37 proposes to establish operations at one or more additional sites
38 shall request a material revision to its charter and shall notify the
39 authority that granted its charter of those additional locations. The
40 authority that granted its charter shall consider whether to approve

1 those additional locations at an open, public meeting. The approval
2 of additional locations of a charter school constitutes a material
3 revision of its charter.

4 (5) A charter school that is unable to locate within the
5 jurisdiction of the chartering school district may establish one site
6 outside the boundaries of the school district, but within the county
7 in which that school district is located, if the school district within
8 the jurisdiction of which the charter school proposes to operate is
9 notified in advance of the charter petition approval, the county
10 superintendent of schools and the Superintendent are notified of
11 the location of the charter school before it commences operations,
12 and either of the following circumstances exist:

13 (A) The school has attempted to locate a single site or facility
14 to house the entire program, but a site or facility is unavailable in
15 the area in which the school chooses to locate.

16 (B) The site is needed for temporary use during a construction
17 or expansion project.

18 (6) Commencing January 1, 2003, a petition to establish a charter
19 school may not be approved to serve pupils in a grade level that
20 is not served by the school district of the governing board
21 considering the petition, unless the petition proposes to serve pupils
22 in all of the grade levels served by that school district.

23 (b) No later than 30 days after receiving a petition, in accordance
24 with subdivision (a), the governing board of the school district
25 shall hold a public hearing on the provisions of the charter, at
26 which time the governing board of the school district shall consider
27 the level of support for the petition by teachers employed by the
28 district, other employees of the district, and parents. Following
29 review of the petition and the public hearing, the governing board
30 of the school district shall either grant or deny the charter within
31 60 days of receipt of the petition. The 60-day period may be
32 extended by an additional 30 days if the governing board and the
33 proponents of the petition agree to the extension. In reviewing
34 petitions for the establishment of charter schools pursuant to this
35 section, the chartering authority shall be guided by the intent of
36 the Legislature that charter schools are and should become an
37 integral part of the California educational system and that
38 establishment of charter schools should be encouraged. The
39 governing board of the school district shall grant a charter for the
40 operation of a school under this part if it is satisfied that granting

1 the charter is consistent with sound educational practice. The
2 governing board of the school district shall not deny a petition for
3 the establishment of a charter school unless it makes written factual
4 findings, specific to the particular petition, setting forth specific
5 facts to support one or more of the following findings:

6 (1) The charter school presents an unsound educational program
7 for the pupils to be enrolled in the charter school.

8 (2) The petitioners are demonstrably unlikely to successfully
9 implement the program set forth in the petition. In determining if
10 a petitioner is demonstrably unlikely to successfully implement
11 the program set forth in the petition, a chartering authority may
12 consider whether a petitioner has operated another charter school
13 for at least three consecutive years and whether any of the
14 following has occurred:

15 (A) The charter school demonstrated academic achievement
16 equivalent to a persistently lowest-achieving school, as defined in
17 Section 53200.

18 (B) The charter school completed its first renewal cycle and
19 was not renewed by the authorizing entity, the county board of
20 education, or the state board.

21 (C) The charter school had its charter revoked, and the charter
22 was not restored by the county board of education or the state
23 board.

24 (3) The petition does not contain the number of signatures
25 required by subdivision (a).

26 (4) The petition does not contain an affirmation of each of the
27 conditions described in subdivision (d).

28 (5) The petition does not contain reasonably comprehensive
29 descriptions of all of the following:

30 (A) (i) A description of the educational program of the school,
31 designed, among other things, to identify those whom the school
32 is attempting to educate, what it means to be an “educated person”
33 in the 21st century, and how learning best occurs. The goals
34 identified in that program shall include the objective of enabling
35 pupils to become self-motivated, competent, and lifelong learners.

36 (ii) If the proposed school will serve high school pupils, a
37 description of the manner in which the charter school will inform
38 parents about the transferability of courses to other public high
39 schools and the eligibility of courses to meet college entrance
40 requirements. Courses offered by the charter school that are

1 accredited by the Western Association of Schools and Colleges
2 may be considered transferable and courses approved by the
3 University of California or the California State University as
4 creditable under the “A” to “G” admissions criteria may be
5 considered to meet college entrance requirements.

6 (B) The measurable pupil outcomes identified for use by the
7 charter school. “Pupil outcomes,” for purposes of this part, means
8 the extent to which all pupils of the school demonstrate that they
9 have attained the skills, knowledge, and attitudes specified as goals
10 in the school’s educational program.

11 (C) The method by which pupil progress in meeting those pupil
12 outcomes is to be measured.

13 (D) The governance structure of the school, including, but not
14 limited to, the process to be followed by the school to ensure
15 parental involvement.

16 (E) The qualifications to be met by individuals to be employed
17 by the school.

18 (F) The procedures that the school will follow to ensure the
19 health and safety of pupils and staff. These procedures shall include
20 the requirement that each employee of the school furnish the school
21 with a criminal record summary as described in Section 44237.

22 (G) The means by which the school will serve pupil populations
23 that are similar to the local school district pupil populations or
24 similar to pupil populations in the school’s local community, or
25 similar to the pupil populations identified in the charter petition
26 as the target pupil populations to be served, especially with regard
27 to high-need pupils, including, but not limited to, pupils with
28 disabilities, pupils living in poverty, and English learners. The
29 chartering authority that authorizes a charter school shall consider,
30 when determining whether to grant a renewal, the degree to which
31 a charter school serves pupil populations that are similar to the
32 local district pupil populations or similar to pupil populations in
33 the school’s local community, or similar to the pupil populations
34 identified in the charter petition as the target pupil populations to
35 be served, especially with regard to high-need pupils, including,
36 but not limited to, pupils with disabilities, pupils living in poverty,
37 and English learners, provided that the authorizer may take into
38 consideration demographic and lottery fluctuations that could affect
39 the school’s progress.

40 (H) Admission requirements, if applicable.

1 (I) The manner in which annual, independent, financial and
2 compliance audits shall be conducted, which shall employ
3 government auditing standards, and the manner in which audit
4 exceptions and deficiencies shall be resolved to the satisfaction of
5 the chartering authority. ~~This subparagraph shall be implemented~~
6 ~~in a manner consistent with the charter school audit guide adopted~~
7 ~~pursuant to subdivision (f) of Section 14502.1.~~ *the chartering*
8 *authority.*

9 (J) The procedures by which pupils can be suspended or
10 expelled.

11 (K) The manner by which staff members of the charter schools
12 will be covered by the State Teachers' Retirement System, the
13 Public Employees' Retirement System, or federal social security.

14 (L) The public school attendance alternatives for pupils residing
15 within the school district who choose not to attend charter schools.

16 (M) A description of the rights of any employee of the school
17 district upon leaving the employment of the school district to work
18 in a charter school, and of any rights of return to the school district
19 after employment at a charter school.

20 (N) The procedures to be followed by the charter school and
21 the entity granting the charter to resolve disputes relating to
22 provisions of the charter.

23 (O) A declaration whether or not the charter school shall be
24 deemed the exclusive public school employer of the employees of
25 the charter school for the purposes of Chapter 10.7 (commencing
26 with Section 3540) of Division 4 of Title 1 of the Government
27 Code.

28 (P) A description of the procedures to be used if the charter
29 school closes. The procedures shall ensure a final audit of the
30 school to determine the disposition of all assets and liabilities of
31 the charter school, including plans for disposing of any net assets
32 and for the maintenance and transfer of pupil records.

33 (c) (1) Charter schools shall meet all statewide standards and
34 conduct the pupil assessments required pursuant to Sections 60605
35 and 60851 and any other statewide standards authorized in statute
36 or pupil assessments applicable to pupils in noncharter public
37 schools.

38 (2) Charter schools shall consult, on a regular basis, with their
39 parents, legal guardians, and teachers regarding the school's
40 educational programs.

1 (d) (1) In addition to any other requirement imposed under this
2 part, a charter school shall be nonsectarian in its programs,
3 admission policies, employment practices, and all other operations,
4 shall not charge tuition, and shall not discriminate against any
5 pupil on the basis of the characteristics listed in Section 220. Except
6 as provided in paragraph (2), admission to a charter school shall
7 not be determined according to the place of residence of the pupil,
8 or of his or her parent or legal guardian, within this state, except
9 that an existing public school converting partially or entirely to a
10 charter school under this part shall adopt and maintain a policy
11 giving admission preference to pupils who reside within the former
12 attendance area of that public school.

13 (2) (A) A charter school shall admit all pupils who wish to
14 attend the school.

15 (B) If the number of pupils who wish to attend the charter school
16 exceeds the school's capacity, attendance, except for existing pupils
17 of the charter school, shall be determined by a public random
18 drawing. Preference shall be extended to pupils currently attending
19 the charter school and pupils who reside in the district except as
20 provided for in Section 47614.5. Other preferences may be
21 permitted by the chartering authority on an individual school basis
22 and only if consistent with the law.

23 (C) In the event of a drawing, the chartering authority shall
24 make reasonable efforts to accommodate the growth of the charter
25 school and in no event shall take any action to impede the charter
26 school from expanding enrollment to meet pupil demand.

27 (3) If a pupil is expelled or leaves the charter school without
28 graduating or completing the school year for any reason, the charter
29 school shall notify the superintendent of the school district of the
30 pupil's last known address within 30 days, and, upon request, shall
31 provide that school district with a copy of the cumulative record
32 of the pupil, including a transcript of grades or report card, and
33 health information. This paragraph applies only to pupils subject
34 to compulsory full-time education pursuant to Section 48200.

35 (e) The governing board of a school district shall not require
36 any employee of the school district to be employed in a charter
37 school.

38 (f) The governing board of a school district shall not require
39 any pupil enrolled in the school district to attend a charter school.

1 (g) The governing board of a school district shall require that
2 the petitioner or petitioners provide information regarding the
3 proposed operation and potential effects of the school, including,
4 but not limited to, the facilities to be utilized by the school, the
5 manner in which administrative services of the school are to be
6 provided, and potential civil liability effects, if any, upon the school
7 and upon the school district. The description of the facilities to be
8 used by the charter school shall specify where the school intends
9 to locate. The petitioner or petitioners shall also be required to
10 provide financial statements that include a proposed first-year
11 operational budget, including startup costs, and cashflow and
12 financial projections for the first three years of operation.

13 (h) In reviewing petitions for the establishment of charter
14 schools within the school district, the governing board of the school
15 district shall give preference to petitions that demonstrate the
16 capability to provide comprehensive learning experiences to pupils
17 identified by the petitioner or petitioners as academically low
18 achieving pursuant to the standards established by the department
19 under Section 54032 as it read prior to July 19, 2006.

20 (i) Upon the approval of the petition by the governing board of
21 the school district, the petitioner or petitioners shall provide written
22 notice of that approval, including a copy of the petition, to the
23 applicable county superintendent of schools, the department, and
24 the state board.

25 (j) (1) If the governing board of a school district denies a
26 petition, the petitioner may elect to submit the petition for the
27 establishment of a charter school to the county board of education.
28 The county board of education shall review the petition pursuant
29 to subdivision (b). If the petitioner elects to submit a petition for
30 establishment of a charter school to the county board of education
31 and the county board of education denies the petition, the petitioner
32 may file a petition for establishment of a charter school with the
33 state board, and the state board may approve the petition, in
34 accordance with subdivision (b). A charter school that receives
35 approval of its petition from a county board of education or from
36 the state board on appeal shall be subject to the same requirements
37 concerning geographic location to which it would otherwise be
38 subject if it received approval from the entity to which it originally
39 submitted its petition. A charter petition that is submitted to either
40 a county board of education or to the state board shall meet all

1 otherwise applicable petition requirements, including the
2 identification of the proposed site or sites where the charter school
3 will operate.

4 (2) In assuming its role as a chartering agency, the state board
5 shall develop criteria to be used for the review and approval of
6 charter school petitions presented to the state board. The criteria
7 shall address all elements required for charter approval, as
8 identified in subdivision (b), and shall define “reasonably
9 comprehensive” as used in paragraph (5) of subdivision (b) in a
10 way that is consistent with the intent of this part. Upon satisfactory
11 completion of the criteria, the state board shall adopt the criteria
12 on or before June 30, 2001.

13 (3) A charter school for which a charter is granted by either the
14 county board of education or the state board based on an appeal
15 pursuant to this subdivision shall qualify fully as a charter school
16 for all funding and other purposes of this part.

17 (4) If either the county board of education or the state board
18 fails to act on a petition within 120 days of receipt, the decision
19 of the governing board of the school district to deny a petition
20 shall, thereafter, be subject to judicial review.

21 (5) The state board shall adopt regulations implementing this
22 subdivision.

23 (6) Upon the approval of the petition by the county board of
24 education, the petitioner or petitioners shall provide written notice
25 of that approval, including a copy of the petition, to the department
26 and the state board.

27 (k) (1) The state board, by mutual agreement, may designate
28 its supervisorial and oversight responsibilities for a charter school
29 it approves to any local educational agency in the county in which
30 the charter school is located or to the governing board of the school
31 district that first denied the petition.

32 (2) The designated local educational agency shall have all
33 monitoring and supervising authority of a chartering agency,
34 including, but not limited to, powers and duties set forth in Section
35 47607, except the power of revocation, which shall remain with
36 the state board.

37 (3) A charter school that has been granted its charter through
38 an appeal to the state board and elects to seek renewal of its charter
39 shall, prior to expiration of the charter, submit its petition for
40 renewal to the governing board of the school district that initially

1 denied the charter. If the governing board of the school district
2 denies the school's petition for renewal, the school may petition
3 the state board for renewal of its charter.

4 (l) Teachers in charter schools shall hold a Commission on
5 Teacher Credentialing certificate, permit, or other document
6 equivalent to that which a teacher in other public schools would
7 be required to hold. These documents shall be maintained on file
8 at the charter school and are subject to periodic inspection by the
9 chartering authority. It is the intent of the Legislature that charter
10 schools be given flexibility with regard to noncore, noncollege
11 preparatory courses.

12 (m) A charter school shall transmit a copy of its annual,
13 independent financial audit report for the preceding fiscal year, as
14 described in subparagraph (I) of paragraph (5) of subdivision (b),
15 to its chartering entity, the Controller, the county superintendent
16 of schools of the county in which the charter school is sited, unless
17 the county board of education of the county in which the charter
18 school is sited is the chartering entity, and the department by
19 December 15 of each year. This subdivision does not apply if the
20 audit of the charter school is encompassed in the audit of the
21 chartering entity pursuant to Section 41020.

22 ~~SEC. 5.~~

23 SEC. 3. Section 47605.6 of the Education Code is amended to
24 read:

25 47605.6. (a) (1) In addition to the authority provided by
26 Section 47605.5, a county board of education may also approve a
27 petition for the operation of a charter school that operates at one
28 or more sites within the geographic boundaries of the county and
29 that provides instructional services that are not generally provided
30 by a county office of education. A county board of education may
31 only approve a countywide charter if it finds, in addition to the
32 other requirements of this section, that the educational services to
33 be provided by the charter school will offer services to a pupil
34 population that will benefit from those services and that cannot be
35 served as well by a charter school that operates in only one school
36 district in the county. A petition for the establishment of a
37 countywide charter school pursuant to this subdivision may be
38 circulated throughout the county by any one or more persons
39 seeking to establish the charter school. The petition may be

1 submitted to the county board of education for review after either
2 of the following conditions are met:

3 (A) The petition is signed by a number of parents or guardians
4 of pupils residing within the county that is equivalent to at least
5 one-half of the number of pupils that the charter school estimates
6 will enroll in the school for its first year of operation and each of
7 the school districts where the charter school petitioner proposes
8 to operate a facility has received at least 30 days notice of the
9 petitioner's intent to operate a school pursuant to this section.

10 (B) The petition is signed by a number of teachers that is
11 equivalent to at least one-half of the number of teachers that the
12 charter school estimates will be employed at the school during its
13 first year of operation and each of the school districts where the
14 charter school petitioner proposes to operate a facility has received
15 at least 30 days notice of the petitioner's intent to operate a school
16 pursuant to this section.

17 (2) An existing public school may not be converted to a charter
18 school in accordance with this section.

19 (3) After receiving approval of its petition, a charter school that
20 proposes to establish operations at additional sites within the
21 geographic boundaries of the county board of education shall notify
22 the school districts where those sites will be located. The charter
23 school also shall request a material revision of its charter by the
24 county board of education that approved its charter, and the county
25 board shall consider whether to approve those additional locations
26 at an open, public meeting, held no sooner than 30 days following
27 notification of the school districts where the sites will be located.
28 If approved, the location of the approved sites shall be a material
29 revision of the school's approved charter.

30 (4) A petition shall include a prominent statement indicating
31 that a signature on the petition means that the parent or guardian
32 is meaningfully interested in having his or her child or ward attend
33 the charter school, or in the case of a teacher's signature, means
34 that the teacher is meaningfully interested in teaching at the charter
35 school. The proposed charter shall be attached to the petition.

36 (b) No later than 60 days after receiving a petition, in accordance
37 with subdivision (a), the county board of education shall hold a
38 public hearing on the provisions of the charter, at which time the
39 county board of education shall consider the level of support for
40 the petition by teachers, parents or guardians, and the school

1 districts where the charter school petitioner proposes to place
2 school facilities. Following review of the petition and the public
3 hearing, the county board of education shall either grant or deny
4 the charter within 90 days of receipt of the petition. However, this
5 date may be extended by an additional 30 days if both parties agree
6 to the extension. A county board of education may impose any
7 additional requirements beyond those required by this section that
8 it considers necessary for the sound operation of a countywide
9 charter school. A county board of education may grant a charter
10 for the operation of a school under this part only if the board is
11 satisfied that granting the charter is consistent with sound
12 educational practice and that the charter school has reasonable
13 justification for why it could not be established by petition to a
14 school district pursuant to Section 47605. The county board of
15 education shall deny a petition for the establishment of a charter
16 school if the board finds one or more of the following:

17 (1) The charter school presents an unsound educational program
18 for the pupils to be enrolled in the charter school.

19 (2) The petitioners are demonstrably unlikely to successfully
20 implement the program set forth in the petition. In determining if
21 a petitioner is demonstrably unlikely to successfully implement
22 the program set forth in the petition, a chartering authority may
23 consider whether a petitioner has operated another charter school
24 for at least three consecutive years and any of the following have
25 occurred:

26 (A) The charter school demonstrated academic achievement
27 equivalent to a persistently lowest-achieving school, as defined in
28 Section 53200.

29 (B) The charter school completed its first renewal cycle and
30 was not renewed by the authorizing entity, the county board of
31 education, or the state board.

32 (C) The charter school had its charter revoked, and the charter
33 was not restored by the county board of education or the state
34 board.

35 (3) The petition does not contain the number of signatures
36 required by subdivision (a).

37 (4) The petition does not contain an affirmation of each of the
38 conditions described in subdivision (d).

39 (5) The petition does not contain reasonably comprehensive
40 descriptions of all of the following:

1 (A) (i) A description of the educational program of the school,
2 designed, among other things, to identify those pupils whom the
3 school is attempting to educate, what it means to be an “educated
4 person” in the 21st century, and how learning best occurs. The
5 goals identified in that program shall include the objective of
6 enabling pupils to become self-motivated, competent, and lifelong
7 learners.

8 (ii) If the proposed charter school will enroll high school pupils,
9 a description of the manner in which the charter school will inform
10 parents regarding the transferability of courses to other public high
11 schools. Courses offered by the charter school that are accredited
12 by the Western Association of Schools and Colleges may be
13 considered to be transferable to other public high schools.

14 (iii) If the proposed charter school will enroll high school pupils,
15 information as to the manner in which the charter school will
16 inform parents as to whether each individual course offered by the
17 charter school meets college entrance requirements. Courses
18 approved by the University of California or the California State
19 University as satisfying their prerequisites for admission may be
20 considered as meeting college entrance requirements for purposes
21 of this clause.

22 (B) The measurable pupil outcomes identified for use by the
23 charter school. “Pupil outcomes,” for purposes of this part, means
24 the extent to which all pupils of the school demonstrate that they
25 have attained the skills, knowledge, and attitudes specified as goals
26 in the school’s educational program.

27 (C) The method by which pupil progress in meeting those pupil
28 outcomes is to be measured.

29 (D) The location of each charter school facility that the petitioner
30 proposes to operate.

31 (E) The governance structure of the school, including, but not
32 limited to, the process to be followed by the school to ensure
33 parental involvement.

34 (F) The qualifications to be met by individuals to be employed
35 by the school.

36 (G) The procedures that the school will follow to ensure the
37 health and safety of pupils and staff. These procedures shall include
38 the requirement that each employee of the school furnish the school
39 with a criminal record summary as described in Section 44237.

(H) The means by which the school will serve pupil populations that are similar to the local school district pupil populations or similar to pupil populations in the school's local community, or similar to the pupil populations identified in the charter petition as the target pupil populations to be served, especially with regard to high-need pupils, including, but not limited to, pupils with disabilities, pupils living in poverty, and English learners. The chartering authority that authorizes a charter school shall consider, when determining whether to grant a renewal, the degree to which a charter school serves pupil populations that are similar to the local school district pupil populations or similar to pupil populations identified in the charter petition as the target pupil populations to be served, especially with regard to high-need pupils, including, but not limited to, pupils with disabilities, pupils living in poverty, and English learners, provided that the authorizer may take into consideration demographic and lottery fluctuations that could affect the school's progress.

(I) The manner in which annual, independent, financial and compliance audits, which shall employ government auditing standards, shall be conducted and the manner in which audit exceptions and deficiencies shall be resolved to the satisfaction of the chartering authority. This subparagraph shall be implemented in a manner consistent with the charter school audit guide adopted pursuant to subdivision (f) of Section 14502.1.

(J) The procedures by which pupils can be suspended or expelled.

(K) The manner by which staff members of the charter schools will be covered by the State Teachers' Retirement System, the Public Employees' Retirement System, or federal social security.

(L) The procedures to be followed by the charter school and the county board of education to resolve disputes relating to provisions of the charter.

(M) A declaration whether or not the charter school shall be deemed the exclusive public school employer of the employees of the charter school for the purposes of the Educational Employment Relations Act (Chapter 10.7 (commencing with Section 3540) of Division 4 of Title 1 of the Government Code).

(N) Admission requirements of the charter school, if applicable.

(O) The public school attendance alternatives for pupils residing within the county who choose not to attend the charter school.

1 (P) A description of the rights of an employee of the county
2 office of education, upon leaving the employment of the county
3 office of education, to be employed by the charter school, and a
4 description of any rights of return to the county office of education
5 that an employee may have upon leaving the employ of the charter
6 school.

7 (Q) A description of the procedures to be used if the charter
8 school closes. The procedures shall ensure a final audit of the
9 school to determine the disposition of all assets and liabilities of
10 the charter school, including plans for disposing of any net assets
11 and for the maintenance and transfer of public records.

12 (6) Any other basis that the county board of education finds
13 justifies the denial of the petition.

14 (c) A county board of education that approves a petition for the
15 operation of a countywide charter may, as a condition of charter
16 approval, enter into an agreement with a third party, at the expense
17 of the charter school, to oversee, monitor, and report to the county
18 board of education on the operations of the charter school. The
19 county board of education may prescribe the aspects of the charter
20 school's operations to be monitored by the third party and may
21 prescribe appropriate requirements regarding the reporting of
22 information concerning the operations of the charter school to the
23 county board of education.

24 (d) (1) Charter schools shall meet all statewide standards and
25 conduct the pupil assessments required pursuant to Section 60605
26 and any other statewide standards authorized in statute or pupil
27 assessments applicable to pupils in noncharter public schools.

28 (2) Charter schools shall consult, on a regular basis, with their
29 parents and teachers regarding the school's educational programs.

30 (e) (1) In addition to any other requirement imposed under this
31 part, a charter school shall be nonsectarian in its programs,
32 admission policies, employment practices, and all other operations,
33 shall not charge tuition, and shall not discriminate against any
34 pupil on the basis of ethnicity, national origin, gender, or disability.
35 Except as provided in paragraph (2), admission to a charter school
36 shall not be determined according to the place of residence of the
37 pupil, or of his or her parent or guardian, within this state.

38 (2) (A) A charter school shall admit all pupils who wish to
39 attend the school.

1 (B) If the number of pupils who wish to attend the charter school
2 exceeds the school's capacity, attendance, except for existing pupils
3 of the charter school, shall be determined by a public random
4 drawing. Preference shall be extended to pupils currently attending
5 the charter school and pupils who reside in the county except as
6 provided for in Section 47614.5. Other preferences may be
7 permitted by the chartering authority on an individual school basis
8 and only if consistent with the law.

9 (C) In the event of a drawing, the county board of education
10 shall make reasonable efforts to accommodate the growth of the
11 charter school and, in no event, shall take any action to impede
12 the charter school from expanding enrollment to meet pupil
13 demand.

14 (f) No county board of education shall require any employee of
15 the county or a school district to be employed in a charter school.

16 (g) No county board of education shall require any pupil enrolled
17 in a county program to attend a charter school.

18 (h) The county board of education shall require that the
19 petitioner or petitioners provide information regarding the proposed
20 operation and potential effects of the school, including, but not
21 limited to, the facilities to be utilized by the school, the manner in
22 which administrative services of the school are to be provided,
23 and potential civil liability effects, if any, upon the school, any
24 school district where the charter school may operate, and upon the
25 county board of education. The petitioner or petitioners shall also
26 be required to provide financial statements that include a proposed
27 first-year operational budget, including startup costs, and cashflow
28 and financial projections for the first three years of operation.

29 (i) In reviewing petitions for the establishment of charter schools
30 within the county, the county board of education shall give
31 preference to petitions that demonstrate the capability to provide
32 comprehensive learning experiences to pupils identified by the
33 petitioner or petitioners as academically low achieving pursuant
34 to the standards established by the department under Section 54032.

35 (j) Upon the approval of the petition by the county board of
36 education, the petitioner or petitioners shall provide written notice
37 of that approval, including a copy of the petition, to the school
38 districts within the county, the Superintendent, and the state board.

1 (k) If a county board of education denies a petition, the petitioner
2 may not elect to submit the petition for the establishment of the
3 charter school to the state board.

4 (l) Teachers in charter schools shall be required to hold a
5 Commission on Teacher Credentialing certificate, permit, or other
6 document equivalent to that which a teacher in other public schools
7 would be required to hold. These documents shall be maintained
8 on file at the charter school and shall be subject to periodic
9 inspection by the chartering authority.

10 (m) A charter school shall transmit a copy of its annual,
11 independent, financial audit report for the preceding fiscal year,
12 as described in subparagraph (I) of paragraph (5) of subdivision
13 (b), to the county office of education, the Controller, and the
14 department by December 15 of each year. This subdivision shall
15 not apply if the audit of the charter school is encompassed in the
16 audit of the chartering entity pursuant to Section 41020.

17 ~~SEC. 6.~~

18 *SEC. 4.* Section 47607 of the Education Code is amended to
19 read:

20 47607. (a) (1) A charter may be granted pursuant to Sections
21 47605, 47605.5, and 47606 for a period not to exceed five years.
22 A charter granted by the governing board of a school district, a
23 county board of education, or the state board may be granted one
24 or more subsequent renewals by that entity. Each renewal shall be
25 for a period of five years. A material revision of the provisions of
26 a charter petition may be made only with the approval of the
27 authority that granted the charter. The authority that granted the
28 charter may inspect or observe any part of the charter school at
29 any time.

30 (2) Renewals and material revisions of charters are governed
31 by the standards and criteria in Section 47605, and shall include,
32 but not be limited to, a reasonably comprehensive description of
33 any new requirement of charter schools enacted into law after the
34 charter was originally granted or last renewed.

35 (b) The authorizer of a charter school that has been in operation
36 for at least four years shall not consider or grant the renewal of
37 the school's charter unless the school, based on data available as
38 of October 1 of the fiscal year of the renewal, meets at least one
39 of the following criteria:

1 (1) An Academic Performance Index (API) score of at least 700
2 in the most recent year.

3 (2) Academic growth of at least 50 points over the prior three
4 years as measured by the API, using the most recent data available.

5 (3) A rank in *a decile from 6 to 10, inclusive*, on the API for a
6 demographically comparable school in the prior year or in two of
7 the prior three years.

8 (4) ~~Participation in~~ *Eligibility for* the alternative accountability
9 system developed pursuant to subdivision (h) of Section 52052.

10 If subdivision (h) of Section 52052 is repealed or no longer
11 operative, a dropout recovery high school, as defined in
12 subparagraph (D) of paragraph (4) of subdivision (a) of Section
13 52052, shall *be deemed to* meet the criteria of this paragraph.

14 *Notwithstanding any other law, a charter school that has its charter*
15 *renewed by meeting the criteria in this paragraph shall include*
16 *the information that made it eligible for the alternative*
17 *accountability system developed pursuant to subdivision (h) of*
18 *Section 52052 in the audit conducted pursuant to Section 41020,*
19 *subparagraph (I) of paragraph (5) of subdivision (b) of Section*
20 *47605, and subdivision (m) of Section 47605.*

21 (5) Receipt of a positive determination of academic eligibility
22 for renewal from the state board within the prior 12 months.

23 (c) (1) The authorizer of a charter school that has been in
24 operation for at least four years, has entered into year five of
25 program improvement, pursuant to the federal No Child Left
26 Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.), and has not
27 exited program improvement, shall not consider or grant the
28 renewal of the school's charter unless the school meets at least
29 one of the following criteria, based on data available as of October
30 1 of the fiscal year of the renewal:

31 (A) The school meets at least two criteria set forth in paragraphs
32 (1) to (3), inclusive, of subdivision (b).

33 (B) The school receives a positive determination of academic
34 eligibility for renewal from the state board within the prior 12
35 months.

36 (2) This subdivision shall not apply to schools that meet the
37 criterion set forth in paragraph (4) of subdivision (b).

38 (3) This subdivision shall not be operative if the Secretary of
39 the United States Department of Education grants a waiver to the

1 state related to the suspension or delay in requirements of all
2 schools in program improvement.

3 *(d) A charter school that meets all of the following shall be*
4 *subject to the renewal criteria set forth in subdivision (b) and shall*
5 *not be subject to subdivision (c):*

6 *(1) The charter school is established through the conversion of*
7 *an existing public school.*

8 *(2) The charter school during the first year of operation as a*
9 *charter school is in year five of program improvement pursuant*
10 *to the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec.*
11 *6301 et seq.).*

12 *(3) The charter school accepts all pupils from the area within*
13 *the previous school attendance boundary and adopts and maintains*
14 *a policy giving admission preference to pupils who reside within*
15 *the former attendance area of that public school.*

16 ~~(d)-(1)~~

17 *(e) A charter school shall apply to the state board for a*
18 *determination of academic eligibility pursuant to paragraph (5) of*
19 *subdivision (b) if it chooses to submit its charter for renewal and*
20 *only if either of the following applies:*

21 ~~(A)~~

22 *(1) The charter school does not meet at least one of the criteria*
23 *set forth in paragraphs (1) to (4), inclusive, of subdivision (b).*

24 ~~(B)~~

25 *(2) The charter school does not meet the criteria set forth in*
26 *subparagraph (A) of paragraph (1) of subdivision (c).*

27 *(f) (1) Evidence supporting an application submitted pursuant*
28 *to subdivision (e) shall be submitted to the state board and the*
29 *Superintendent and may include, but is not limited to, information*
30 *on individual pupil achievement, including longitudinal data that*
31 *demonstrates individual pupil progress, analysis of similar pupil*
32 *populations, or other relevant data as determined by the school.*

33 *(2) A charter school shall submit a copy of its application and*
34 *supporting evidence to its charter authorizer. The charter*
35 *authorizer may submit a recommendation to the state board on*
36 *the application for academic determination of a charter school it*
37 *authorizes.*

38 ~~(2)~~

39 *(3) The Superintendent shall make a recommendation, based*
40 *on evidence provided by the charter school that is valid and*

1 reliable, to the state board on the application for a determination
2 of academic eligibility for the renewal of a charter. The
3 Superintendent's recommendation shall include an analysis of the
4 validity and reliability of the evidence of academic success
5 submitted by the charter school.

6 ~~(3)~~

7 (4) The state board shall issue a positive determination of
8 academic eligibility if the state board finds that the charter school
9 clearly demonstrates that the academic performance of the school's
10 pupils builds an expectation that the pupils will continue to improve
11 academically and have the opportunity to be successful in college
12 or career. In determining whether to grant a positive determination
13 of academic eligibility, the state board shall consider that the farther
14 the school is from satisfying paragraphs (1) to (3), inclusive, of
15 subdivision (b), the greater the burden of proof on the school to
16 demonstrate why the school was unable to satisfy the criteria in
17 paragraphs (1) to (3), inclusive, of subdivision (b), and demonstrate
18 why the academic performance is such that the school deserves a
19 positive determination of academic eligibility.

20 ~~(4)~~

21 (5) The charter of a charter school that is required to apply to
22 the state board for a determination of academic eligibility, if the
23 school chooses to submit its charter for renewal pursuant to
24 subdivision ~~(d)~~ (e) and is granted renewal by satisfying paragraph
25 (5) of subdivision (b), shall be granted renewal for only three years.

26 ~~(5)~~

27 (6) After the state board renders a decision on the determination
28 of academic eligibility, the Superintendent shall notify the
29 authorizer of the charter school of the state board action and any
30 related findings.

31 (7) *In the case of a charter school that is authorized by the state
32 board and seeking an academic determination, the state board
33 may issue a positive academic determination for the school and
34 take action on the charter school renewal at the same board
35 meeting.*

36 (8) *A charter school that applies to the state board for a
37 determination of academic eligibility shall submit its complete
38 application and supporting evidence to the state board at least
39 150 days before the school's renewal date. The state board shall
40 make a decision regarding the application for a determination of*

1 *academic eligibility at least 60 days before the school's renewal*
2 *date.*

3 ~~(e)~~

4 *(g)* A charter may be revoked by the authority that granted the
5 charter under this chapter if the authority finds, through a showing
6 of substantial evidence, that the charter school did any of the
7 following:

8 (1) Committed a material violation of any of the conditions,
9 standards, or procedures set forth in the charter.

10 (2) Failed to meet or pursue any of the pupil outcomes identified
11 in the charter.

12 (3) Failed to meet generally accepted accounting principles, or
13 engaged in fiscal mismanagement.

14 (4) Violated any provision of law.

15 ~~(f)~~

16 *(h)* Before revoking a charter, the chartering authority shall
17 notify the charter public school of any violation of this section and
18 give the school a reasonable opportunity to remedy the violation
19 unless the authority determines, in writing, that the violation
20 constitutes a severe and imminent threat to the health or safety of
21 the pupils.

22 ~~(g)~~

23 *(i)* Before revoking a charter for failure to remedy a violation
24 pursuant to subdivision-~~(f)~~ *(h)*, and after expiration of the school's
25 reasonable opportunity to remedy without successfully remedying
26 the violation, the chartering authority shall provide a written notice
27 of intent to revoke and notice of facts in support of revocation to
28 the charter school. No later than 30 days after providing the notice
29 of intent to revoke a charter, the chartering authority shall hold a
30 public hearing, in the normal course of business, on the issue of
31 whether evidence exists to revoke the charter. No later than 30
32 days after the public hearing, the chartering authority shall issue
33 a final decision to revoke or decline to revoke the charter, unless
34 the chartering authority and the charter school agree to extend the
35 issuance of the decision by an additional 30 days. The chartering
36 authority shall not revoke a charter, unless it makes written factual
37 findings supported by substantial evidence, specific to the charter
38 school, that support its findings.

39 ~~(h)~~

1 (j) (1) If a school district is the chartering authority and it
2 revokes a charter pursuant to this section, the charter school may
3 appeal the revocation to the county board of education within 30
4 days following the final decision of the chartering authority.

5 (2) The county board may reverse the revocation decision if the
6 county board determines that the findings made by the chartering
7 authority under subdivision-~~(g)~~ (i) are not supported by substantial
8 evidence. The school district may appeal the reversal to the state
9 board.

10 (3) If the county board does not issue a decision on the appeal
11 within 90 days of receipt, or the county board upholds the
12 revocation, the charter school may appeal the revocation to the
13 state board.

14 (4) The state board may reverse the revocation decision if the
15 state board determines that the findings made by the chartering
16 authority under subdivision-~~(g)~~ (i) are not supported by substantial
17 evidence. The state board may uphold the revocation decision of
18 the school district if the state board determines that the findings
19 made by the chartering authority under subdivision-~~(g)~~ (i) are
20 supported by substantial evidence.

21 ~~(i)~~

22 (k) (1) If a county office of education is the chartering authority
23 and the county board revokes a charter pursuant to this section,
24 the charter school may appeal the revocation to the state board
25 within 30 days following the decision of the chartering authority.

26 (2) The state board may reverse the revocation decision if the
27 state board determines that the findings made by the chartering
28 authority under subdivision-~~(g)~~ (i) are not supported by substantial
29 evidence.

30 ~~(j)~~

31 (l) If the revocation decision of the chartering authority is
32 reversed on appeal, the agency that granted the charter shall
33 continue to be regarded as the chartering authority.

34 ~~(k)~~

35 (m) During the pendency of an appeal filed under this section,
36 a charter school, whose revocation proceedings are based on
37 paragraph (1) or (2) of subdivision-~~(e)~~ (g), shall continue to qualify
38 as a charter school for funding and for all other purposes of this
39 part, and may continue to hold all existing grants, resources, and

1 facilities, in order to ensure that the education of pupils enrolled
2 in the school is not disrupted.

3 ~~(f)~~

4 (n) Immediately following the decision of a county board to
5 reverse a decision of a school district to revoke a charter, the
6 following shall apply:

7 (1) The charter school shall qualify as a charter school for
8 funding and for all other purposes of this part.

9 (2) The charter school may continue to hold all existing grants,
10 resources, and facilities.

11 (3) Any funding, grants, resources, and facilities that had been
12 withheld from the charter school, or that the charter school had
13 otherwise been deprived of use, as a result of the revocation of the
14 charter shall be immediately reinstated or returned.

15 ~~(m)~~

16 (o) A final decision of a revocation or appeal of a revocation
17 pursuant to subdivision-~~(e)~~ (g) shall be reported to the chartering
18 authority, the county board, and the department.

19 *SEC. 5. Section 47607.5 of the Education Code is amended to*
20 *read:*

21 47607.5. (a) If either a school district governing board or a
22 county board of education, as a chartering agency, does not grant
23 a renewal to a charter school pursuant to Section 47607, the charter
24 school may submit its application for renewal pursuant to the
25 procedures pertaining to a denial of a petition for establishment
26 of a charter school, as provided in subdivision (j) of Section 47605.

27 (b) *Notwithstanding subdivision (a), if the state board does not*
28 *grant a positive academic determination to a charter school, the*
29 *charter school may not appeal that decision by the state board. A*
30 *charter school that is not granted renewal by its authorizer*
31 *pursuant to Section 47607 because it failed to obtain a positive*
32 *academic determination from the state board may not appeal that*
33 *nonrenewal decision.*

34 ~~SEC. 7.~~

35 *SEC. 6. Section 47630.6 is added to the Education Code, to*
36 *read:*

37 47630.6. (a) By December 31 of each fiscal year, the Controller
38 shall publish a directory of certified public accountants and public
39 accountants, licensed by the California Board of Accountancy,
40 deemed by the Controller to be qualified to conduct audits of

1 charter schools. Each audit of a charter school conducted pursuant
2 to this part shall be conducted by a certified public accountant or
3 public accountant selected by the charter school from the directory
4 established pursuant to this subdivision.

5 (b) Except as provided in subdivision (d) of Section 41320.1,
6 it is unlawful for a public accounting firm to provide audit services
7 to a charter school if the lead audit partner, or coordinating audit
8 partner, having primary responsibility for the audit, or the audit
9 partner responsible for reviewing the audit, has performed audit
10 services for that charter school in each of the six previous fiscal
11 years.

12 (c) It is the intent of the Legislature that, notwithstanding
13 subdivision (b), the rotation within public accounting firms
14 conforms to provisions of the federal Sarbanes-Oxley Act of 2002
15 (Public Law 107-204; 15 U.S.C. Sec. 7201 et seq.).

16 ~~SEC. 8.~~

17 *SEC. 7.* If the Commission on State Mandates determines that
18 this act contains costs mandated by the state, reimbursement to
19 local agencies and school districts for those costs shall be made
20 pursuant to Part 7 (commencing with Section 17500) of Division
21 4 of Title 2 of the Government Code.