

AMENDED IN SENATE JUNE 22, 1998
AMENDED IN ASSEMBLY MAY 18, 1998
AMENDED IN ASSEMBLY APRIL 16, 1998

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

ASSEMBLY BILL

No. 2417

Introduced by Assembly Member Mazzoni

February 20, 1998

An act to amend Sections ~~42238, 42238.5, 47602, 47605, and 47607~~ of, to add Sections ~~47601.2, 47601.3, 47607.1, 47607.2, and 47612.5~~ to, and to repeal Section ~~47613~~ ~~47602~~ and ~~47616.5~~ of, the Education Code, relating to charter schools.

LEGISLATIVE COUNSEL'S DIGEST

AB 2417, as amended, Mazzoni. Charter schools.

Existing law, the Charter Schools Act of 1992, permits teachers, parents, pupils, and community members to petition a school district governing board to approve a charter school to operate independently from the existing school district structure as a method of accomplishing, among other things, improved pupil learning. Under existing law the total number of charter schools operating in the state in any school year cannot exceed 100, with no more than 10 charter schools in any single school district. Assembly Bill 544 (Ch. 34 of the Statutes of 1998), which would take effect on January 1, 1999, would establish the statewide maximum at 250 charter schools for the 1998–99 school year with an additional 100 charter

schools per school year thereafter and would delete the requirement that the State Board of Education, for purposes of implementing those provisions, assign a number to each charter notice it receives, based on the chronological order in which the notice is received.

This bill would incorporate the changes made by AB 544 regarding the statewide maximum number of charter schools and would reenact the requirement regarding the assignment of a number to each charter notice received by the State Department of Education.

Existing law requires the State Department of Education to review the educational effectiveness of the charter school approach and, not later than January 1, 1999, to report to the Legislature accordingly with recommendations to modify, expand, or terminate that approach.

This bill would repeal those provisions.

Existing law requires the Legislative Analyst to contract for an evaluation of the effectiveness of the charter school approach, on or before November 1, 1997, and to report to the Governor accordingly with recommendations to modify, expand, or terminate that approach. Assembly Bill 544 (Chapter 34 of the Statutes of 1998), which would take effect on January 1, 1999, would require the Legislative Analyst to contract with a neutral evaluator for an evaluation of the effectiveness of the charter school approach, and to make that report to the Governor and the Legislature on or before July 1, 2003.

This bill would incorporate the changes made to those provisions by AB 544, but would instead require the neutral evaluator to make that report directly to the Legislature, and would make other clarifying changes.

~~(1) Existing law establishes the Charter Schools Act of 1992 for charter schools that receive public funding but are not subject to the laws generally governing school districts. Existing law sets forth the elements that must be contained in a petition for a charter school.~~

~~This bill would require all charter petitions after January 1, 1999, to state whether the charter school is a dependent charter school or an independent charter school, as defined in the bill.~~



~~(2) Existing law provides that no charter shall be granted that authorizes the conversion of any private school to a charter school.~~

~~This bill, in addition, would prohibit a charter school from spending or receiving any public funds for a pupil if the pupil is enrolled in a private school. The bill would prohibit sectarian or denominational instruction or instructional materials to be provided in or funded by a charter school. The bill would prohibit a charter school from paying a parent of a pupil for teaching that pupil, except as specified. The bill would require interactive pupil instruction, as defined, in charter schools, thereby imposing a state-mandated local program.~~

~~(3) Existing law requires the charter petition to contain a description of the manner in which an annual audit of the financial and programmatic operations of the school is to be conducted.~~

~~This bill would modify this provision, and, instead, would require each charter school and each district that converts all of its schools to charter schools to obtain an annual independent audit and would prescribe different financial reporting requirements for dependent and independent charter schools. The bill would authorize the authority that granted the charter to revoke the charter if the charter school failed to satisfactorily resolve material financial or compliance audit findings. The bill would require charter schools to annually submit information determined necessary by the Superintendent of Public Instruction to the authority that granted the charter so that it can comply with financial reporting requirements. These new audit and reporting requirements for existing charter schools would impose a state-mandated local program.~~

~~(4) Existing law establishes a method of funding charter schools.~~

~~This bill would change the method of funding charter schools.~~

~~(5) Under existing law, the Superintendent of Public Instruction is required to apportion funds to charter schools.~~

~~This bill would require the Superintendent of Public Instruction to adopt regulations by January 1, 2000, to govern~~



~~attendance accounting and recordkeeping systems for charter schools.~~

~~(6) 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, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.~~

~~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 no.~~

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

1 ~~SECTION 1. Section 42238 of the Education Code is~~
2 ~~amended to read:~~

3 ~~42238. (a) For the 1984-85 fiscal year and each fiscal~~
4 ~~year thereafter, the county superintendent of schools~~
5 ~~shall determine a revenue limit for each school district in~~
6 ~~the county pursuant to this section.~~

7 ~~(b) The base revenue limit for the current fiscal year~~
8 ~~shall be determined by adding to the base revenue limit~~
9 ~~for the prior fiscal year the following amounts:~~

10 ~~(1) The inflation adjustment specified in Section~~
11 ~~42238.1.~~

12 ~~(2) For the 1995-96 fiscal year, the equalization~~
13 ~~adjustment specified in Section 42238.4.~~

14 ~~(3) For the 1996-97 fiscal year, the equalization~~
15 ~~adjustments specified in Sections 42238.41, 42238.42, and~~
16 ~~42238.43.~~

17 ~~(4) For the 1985-86 fiscal year, the amount received~~
18 ~~per unit of average daily attendance in the 1984-85 fiscal~~
19 ~~year pursuant to Section 42238.7.~~



1 ~~(5) For the 1985-86, 1986-87, and 1987-88 fiscal years,~~
2 ~~the amount per unit of average daily attendance received~~
3 ~~in the prior fiscal year pursuant to Section 42238.8.~~

4 ~~(e) Except for districts subject to subdivision (d), the~~
5 ~~base revenue limit computed pursuant to subdivision (b)~~
6 ~~shall be multiplied by the district average daily~~
7 ~~attendance computed pursuant to Section 42238.5.~~

8 ~~(d) For districts for which the number of units of~~
9 ~~average daily attendance determined pursuant to Section~~
10 ~~42238.5 is greater for the current fiscal year than for the~~
11 ~~1982-83 fiscal year, compute the following amount, in lieu~~
12 ~~of the amount computed pursuant to subdivision (e):~~

13 ~~(1) Multiply the base revenue limit computed~~
14 ~~pursuant to subdivision (e) by the average daily~~
15 ~~attendance computed pursuant to Section 42238.5 for the~~
16 ~~1982-83 fiscal year.~~

17 ~~(2) Multiply the lesser of the amount in subdivision (e)~~
18 ~~or 1.05 times the statewide average base revenue limit per~~
19 ~~unit of average daily attendance for districts of similar~~
20 ~~type for the current fiscal year by the difference between~~
21 ~~the average daily attendance computed pursuant to~~
22 ~~Section 42238.5 for the current and 1982-83 fiscal years.~~

23 ~~(3) Add the amounts in paragraphs (1) and (2).~~

24 ~~(e) The base revenue limit per unit of average daily~~
25 ~~attendance shall be the lesser of the following amounts:~~

26 ~~(1) The amount determined in subdivision (b).~~

27 ~~(2) The amount computed pursuant to Section 42238~~
28 ~~for the prior fiscal year divided by the prior fiscal year~~
29 ~~revenue limit average daily attendance times the sum of~~
30 ~~1.0 and twice the percentage increase in revenue limits~~
31 ~~computed pursuant to Section 42238.1 for the current~~
32 ~~fiscal year.~~

33 ~~(f) For districts electing to compute units of average~~
34 ~~daily attendance pursuant to paragraph (2) of subdivision~~
35 ~~(a) of Section 42238.5, the amount computed pursuant to~~
36 ~~Article 4 (commencing with Section 42280) shall be~~
37 ~~added to the amount computed in subdivision (e) or (d),~~
38 ~~as appropriate.~~

39 ~~(g) For the 1984-85 fiscal year only, the county~~
40 ~~superintendent shall reduce the total revenue limit~~



1 computed in this section by the amount of the decreased
2 employer contributions to the Public Employees'
3 Retirement System resulting from enactment of Chapter
4 330 of the Statutes of 1982, offset by any increase in those
5 contributions, as of the 1983-84 fiscal year, resulting from
6 subsequent changes in employer contribution rates.

7 The reduction shall be calculated as follows:

8 (1) Determine the amount of employer contributions
9 that would have been made in the 1983-84 fiscal year if
10 the applicable Public Employees' Retirement System
11 employer contribution rate in effect immediately prior to
12 the enactment of Chapter 330 of the Statutes of 1982 were
13 in effect during the 1983-84 fiscal year.

14 (2) Subtract from the amount determined in
15 paragraph (1) the greater of subparagraph (A) or (B):

16 (A) The amount of employer contributions that would
17 have been made in the 1983-84 fiscal year if the applicable
18 Public Employees' Retirement System employer
19 contribution rate in effect immediately after the
20 enactment of Chapter 330 of the Statutes of 1982 were in
21 effect during the 1983-84 fiscal year.

22 (B) The actual amount of employer contributions
23 made to the Public Employees' Retirement System in the
24 1983-84 fiscal year.

25 (3) For purposes of this subdivision, employer
26 contributions to the Public Employees' Retirement
27 System for any of the following shall be excluded from the
28 calculation specified above:

29 (A) Positions supported totally by federal funds that
30 were subject to supplanting restrictions.

31 (B) Positions supported by funds received pursuant to
32 Section 42243.6.

33 (C) Positions supported, to the extent of employer
34 contributions not exceeding twenty-five thousand dollars
35 (\$25,000) by any single educational agency, from a
36 revenue source determined on the basis of equity to be
37 properly excludable from the provisions of this
38 subdivision by the Superintendent of Public Instruction
39 with the approval of the Director of Finance.



1 ~~(4) For accounting purposes, the reduction made by~~
2 ~~this subdivision may be reflected as an expenditure from~~
3 ~~appropriate sources of revenue as directed by the~~
4 ~~Superintendent of Public Instruction.~~

5 ~~(h) The Superintendent of Public Instruction shall~~
6 ~~apportion to each school district the amount determined~~
7 ~~in this section less the sum of:~~

8 ~~(1) The district's property tax revenue received~~
9 ~~pursuant to Chapter 3 (commencing with Section 75) and~~
10 ~~Chapter 6 (commencing with Section 95) of Part 0.5 of~~
11 ~~the Revenue and Taxation Code.~~

12 ~~(2) The amount, if any, received pursuant to Part 18.5~~
13 ~~(commencing with Section 38101) of the Revenue and~~
14 ~~Taxation Code.~~

15 ~~(3) The amount, if any, received pursuant to Chapter~~
16 ~~3 (commencing with Section 16140) of the Government~~
17 ~~Code.~~

18 ~~(4) Prior years' taxes and taxes on the unsecured roll.~~

19 ~~(5) Fifty percent of the amount received pursuant to~~
20 ~~Section 41603.~~

21 ~~(6) The amount of motor vehicle license fees~~
22 ~~distributed pursuant to Section 11003.4 of the Revenue~~
23 ~~and Taxation Code.~~

24 ~~(7) The amount, if any, received pursuant to any~~
25 ~~provision of the Community Redevelopment Law (Part~~
26 ~~1 (commencing with Section 33000) of Division 24 of the~~
27 ~~Health and Safety Code), except for any amount received~~
28 ~~pursuant to Section 33401 or 33676 of the Health and~~
29 ~~Safety Code that is used for land acquisition, facility~~
30 ~~construction, reconstruction, or remodeling, or deferred~~
31 ~~maintenance, except for any amount received pursuant~~
32 ~~to Section 33492.15, paragraph (4) of subdivision (a) of~~
33 ~~Section 33607.5, or Section 33607.7 of the Health and~~
34 ~~Safety Code that is allocated exclusively for educational~~
35 ~~facilities.~~

36 ~~(i) This section shall become operative July 1, 1984.~~

37 ~~SEC. 2. Section 42238.5 of the Education Code is~~
38 ~~amended to read:~~



1 ~~42238.5. (a) For purposes of Section 42238, the fiscal~~
2 ~~year average daily attendance shall be computed~~
3 ~~pursuant to paragraph (1) or (2).~~

4 ~~(1) The second principal apportionment regular~~
5 ~~average daily attendance for either the current or prior~~
6 ~~fiscal year, whichever is greater. However, prior fiscal~~
7 ~~year average daily attendance shall be adjusted for any~~
8 ~~loss or gain of average daily attendance due to a~~
9 ~~reorganization or transfer of territory, or, commencing in~~
10 ~~the 1993-94 fiscal year, and each fiscal year thereafter, for~~
11 ~~any change in average daily attendance for pupils who~~
12 ~~are concurrently enrolled in adult programs and classes~~
13 ~~pursuant to Section 52616.17.~~

14 ~~(2) Any school district that elects to receive funding~~
15 ~~pursuant to Article 4 (commencing with Section 42280)~~
16 ~~shall compute its units of average daily attendance for~~
17 ~~purposes of Section 42238 by subtracting the amount~~
18 ~~determined in subparagraph (B) from the amount~~
19 ~~determined in subparagraph (A).~~

20 ~~(A) The units of average daily attendance computed~~
21 ~~pursuant to paragraph (1).~~

22 ~~(B) The units of average daily attendance resulting~~
23 ~~from pupils attending schools funded pursuant to Article~~
24 ~~4 (commencing with Section 42280).~~

25 ~~(b) For purposes of this article, regular average daily~~
26 ~~attendance shall be the base revenue limit average daily~~
27 ~~attendance, excluding summer school average daily~~
28 ~~attendance.~~

29 ~~SEC. 3. Section 47601.2 is added to the Education~~
30 ~~Code, to read:~~

31 ~~47601.2. (a) For the purposes of this part, the~~
32 ~~following definitions shall apply:~~

33 ~~(1) "Dependent charter school" means a charter~~
34 ~~school operating pursuant to a charter that leaves the~~
35 ~~authority that granted the charter fiscally responsible for~~
36 ~~the acts and omissions of the charter school.~~

37 ~~(2) "Independent charter school" means a charter~~
38 ~~school that itself assumes all fiscal responsibility for its acts~~
39 ~~and omissions, relieving the authority that granted the~~
40 ~~charter of all fiscal liability and responsibility for the acts~~



1 and omissions of the charter school. The exclusive duties
2 of the authority that granted the charter with regard to
3 an independent charter school shall be those set forth in
4 this part.

5 (b) The charter petition for all charter schools
6 established after January 1, 1999, shall state whether the
7 charter school shall be a dependent charter school or an
8 independent charter school.

9 (c) For all charter schools established prior to January
10 1, 1999, including a charter school operating as a public
11 benefit corporation, upon renewal of the charter, or prior
12 to that date by mutual agreement between the charter
13 school and the authority that granted the charter, the
14 charter petition shall state whether the charter school is
15 a dependent or independent charter school.

16 SEC. 4. Section 47601.3 is added to the Education
17 Code, to read:

18 47601.3. For the purposes of this part, “distance
19 learning” means any formal approach to learning in
20 which the majority of the instruction occurs while the
21 educator and the learner are not in the same physical
22 location.

23 SEC. 5.—

24 SECTION 1. Section 47602 of the Education Code is
25 amended to read:

26 47602. (a) Except as provided in subdivision (b)
27 (1) In the 1998–99 school year, the maximum total
28 number of charter schools operating authorized to
29 operate in this state in any school year shall not exceed
30 100, with not more than 10 charter schools in any single
31 school district. For the shall be 250. In the 1999–2000
32 school year, and in each successive school year thereafter,
33 an additional 100 charter schools are authorized to
34 operate in this state each successive school year. For the
35 purposes of implementing this section, the State Board of
36 Education shall assign a number to each charter notice it
37 receives pursuant to subdivision (i) of Section 47605,
38 based on the chronological order in which the notice is
39 received. The limits contained in this paragraph may not



1 *be waived pursuant to Section 33050 or any other*
2 *provision of law.*

3 (2) *By July 1, 2003, the Legislative Analyst shall,*
4 *pursuant to the criteria in Section 47616.5, report to the*
5 *Legislature on the effectiveness of the charter school*
6 *approach authorized under this part and recommend*
7 *whether to expand or reduce the annual rate of growth*
8 *of charter schools authorized pursuant to this section.*

9 (b) ~~In addition to the total number of charter schools~~
10 ~~that school districts may operate in this state pursuant to~~
11 ~~subdivision (a) and the 10 charter schools that a single~~
12 ~~school district may operate pursuant to subdivision (a), a~~
13 ~~school district that maintains an enrollment of more than~~
14 ~~600,000 pupils in the current school year may operate 12~~
15 ~~charter schools for a maximum of 22 charter schools in~~
16 ~~these types of school districts.~~

17 (e) ~~No charter shall be granted under this part that~~
18 ~~authorizes the conversion of any private school to a~~
19 ~~charter school. No charter school shall spend or receive~~
20 ~~any public funds for a pupil if the pupil is enrolled in a~~
21 ~~private school. No charter school shall receive any public~~
22 ~~funds for a pupil if the pupil also attends a private school~~
23 ~~that charges the pupil's family for tuition. The State Board~~
24 ~~of Education shall adopt regulations to implement this~~
25 ~~section.~~

26 ~~SEC. 6. Section 47605 of the Education Code is~~

27 ~~SEC. 2. Section 47616 of the Education Code is~~
28 ~~repealed.~~

29 ~~47616. The State Department of Education shall~~
30 ~~review the educational effectiveness of the charter school~~
31 ~~approach authorized under this part and, not later than~~
32 ~~January 1, 1999, shall report to the Legislature~~
33 ~~accordingly with recommendations to modify, expand, or~~
34 ~~terminate that approach.~~

35 ~~SEC. 3. Section 47616.5 of the Education Code is~~
36 ~~amended to read:~~

37 47616.5. *The Legislative Analyst shall contract for a*
38 *neutral evaluator to conduct an ~~interim~~ evaluation of the*
39 *effectiveness of the charter school approach authorized*
40 *under this part and, on or before November July 1,*



1 ~~1997~~ 2003, the neutral evaluator shall report directly to
2 the Legislature and the Governor ~~accordingly~~ with
3 recommendations to modify, expand, or terminate ~~that~~
4 the charter school approach. The evaluation of the
5 effectiveness of the charter school approach shall include,
6 but shall not be limited to, the following factors:

7 (a) If available, the pre- and post-charter school test
8 scores of pupils attending charter schools and other pupil
9 assessment tools.

10 (b) The level of parental satisfaction with the charter
11 school approach compared with schools within the
12 district in which the charter school is located.

13 (c) The impact of required parental involvement.

14 (d) The fiscal structures and practices of charter
15 schools as well as the relationship of these structures and
16 practices to school districts, including the amount of
17 revenue received from various public and private
18 sources.

19 (e) An assessment of whether or not the charter school
20 approach has resulted in increased innovation and
21 creativity.

22 (f) Opportunities for teachers under the charter
23 school approach.

24 (g) Whether or not there is an increased focus on
25 low-achieving and gifted pupils.

26 (h) Any discrimination and segregation in charter
27 schools.

28 (i) If available, the number of charter school petitions
29 submitted to governing boards of school districts and the
30 number of those proposals that are denied, per year, since
31 the enactment of the charter school law, including the
32 reasons why the governing boards denied these petitions,
33 and the reasons governing boards have revoked charters.

34 (j) The governance, fiscal liability and accountability
35 practices and related issues between charter schools and
36 the governing boards of the school districts approving
37 their charters.

38 (k) The manner in which governing boards of school
39 districts monitor the compliance of the conditions,
40 standards, and procedures entered into under a charter.



1 (l) The extent of the employment of noncredentialed
2 personnel in charter schools.

3 (m) An assessment of how the exemption from laws
4 governing school districts allows charter schools to
5 operate differently than schools operating under those
6 laws.

7 (n) A comparison in each school district that has a
8 charter school of the pupil dropout rate in the charter
9 schools and in the noncharter schools.

10 (o) The role and impact of collective bargaining on
11 charter schools.

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**All matter omitted in this version of the
bill appears in the bill as amended in the
Assembly, May 18, 1998 (JR 11)**

