

districts, previous equalization efforts have substantially equalized the revenue limits of most school districts.

Categorical programs. The State also provides school districts with funding for numerous categorical programs, either through the state General Fund or special funds. Generally, funding for these programs has been restricted for specific uses (e.g., instructional materials, adult education, and English language learners), or has been contingent on achieving certain goals (e.g., class size reduction). In particular, Economic Impact Aid funding (\$946 million) is specifically provided to LEAs serving students meeting poverty standards to recognize the needs of those pupils.

Most recently, however, the Governor and the Legislature, in an effort to help school districts better manage their budgets during these tough economic times, provided relief from a variety of requirements attached to 42 categorical programs (see Appendix F, page 410) though fiscal year 2012–13, allowing school districts to transfer funds for any purpose to meet their highest priority needs. In addition, the reduced penalties associated with K–3 Class Size Reduction, allowing districts to retain up to 70 percent of funding if pupil-to-teacher ratios increase more than 25 to 1, continue through 2011–12, providing greater local flexibility. Economic Impact Aid funding was not included in the list of flexible programs, again recognizing the special needs of a high-poverty population.

In summary, California provides a funding system for K–12 schools that is equitable among all LEAs. Base general purpose funding has long been equalized across size and type of LEA, and the categorical programs have been provided to address specific needs. To further recognize that every LEA has a different set of needs, many of the categorical programs are now allowed to be spent on local priorities. In a state as complex as California, the funding systems have been carefully established to provide relative equity across all sizes and types of LEAs, as well as for pupils with various and unique needs.

(F)(2) Ensuring Successful Conditions for High-Performing Charter Schools

(F)(2)(i)

California has been on the leading edge of the charter school movement since its inception. In 1992, California became the second state in the country to enact charter school legislation, and

over time has seen the number of charter schools increase at an average rate of 82 schools per year. In absolute numbers, California has the most charter schools and the largest number of charter students of all states.¹³¹ As of the 2009–10 school year, there are 810 active charter schools in California, which represents almost 8 percent of the schools in the State. This translates to over 250,000 K–12 students in California who attend a charter school in 323 elementary, 89 middle, and 249 high schools, as well as 149 K–12 schools. Recently, California was one of only three states to receive an “A” from the Center for Education Reform for the strength of its charter school laws, noting that the State has the largest number of charter schools in the country because of “consistent improvements to the law” and “highly equitable funding measures” for their charters.¹³²

Exhibit 24 outlines the different types of California’s charter schools.

Exhibit 24: Types of California’s Charter Schools, 2009–10

Types of California Charter Schools	Number of Schools (n=810)
Conversion	122
Start-up	688
Traditional	226
Performing/Fine Arts	96
Technology	65
Science/Mathematics	35
Vocational	26
Montessori	21
Other Specialty	486
Site-based instruction	626
Independent study	152
Combination of site-based and independent study	32
Directly funded (i.e., funded by State)	577
Locally funded (i.e., funded through a district)	219
Not in funding model	14

One reason for this large number of diverse types of charters is because California law has created an environment supportive of the development of high-quality charter schools throughout

¹³¹ EdSource. Charter Schools—Their Numbers and Enrollment. Author. Retrieved November 30, 2009 from: http://www.edsource.org/sch_ChSch_VitalStats.html.

¹³² Center for Education Reform. *Charter school access across the states 2010*. 11th Edition. Retrieved December 17, 2009, from <http://www.edreform.com/shopcer/index.cfm?fuseaction=details&pid=1000055&back=home&ShopCat=1>.

the State. According to a report recently released by the National Alliance for Public Charter Schools, California ranks third in the nation when evaluated for its commitment to the full range of values in the public charter school movement: quality and accountability, funding equity, facilities support, autonomy, and growth and choice.¹³³

In 1998, California repealed its original statute that set a total cap of 100 charter schools in the State and enacted a law that allows for continued growth in the number of charter schools.¹³⁴ Specifically, California allowed a total of 250 charter schools to be authorized in 1998, with a provision to increase that total by an additional 100 charter schools (or approximately 1 percent of all schools in California) in *each successive school year*. Moreover, any unused authorizations roll over to the following year. This limit has never restricted the number of charters authorized because the authority to expand has far outpaced the actual growth in charter schools. For instance, in 2009–10, up to a total of 1,350 charter schools were authorized to operate, in contrast with the 810 schools actually in operation. This number will continue to grow annually, thereby authorizing a number of charter schools that far exceeds 10 percent of the total schools operating in the State.

Section (F)(2)(ii)

The California Education Code clearly outlines the approval, oversight, reauthorization, and revocation of charter schools and charter school districts. Details of the processes associated with California charter schools are contained in Appendix F, starting on page 411. There are multiple methods to request authority for a charter, whether at the school district level, the county level, or the state level. There are clear appeal processes for denials at each level. Charters can be granted for individual schools, for an entire school district, an entire county, or for a “statewide benefit” charter school, which provides instructional services that cannot be provided by a charter school operating in only one school district or county.¹³⁵ This system of multiple authorizers and types of charters ensures that there is sufficient opportunity for innovative ideas to develop in charters across the State. All charter school petitioners must agree to meet all statewide academic standards and conduct all state pupil assessments.

¹³³ National Alliance for Public Charter Schools. (2010, January) *How state charter laws rank against the new model public charter school law*. Washington, DC: Author.

¹³⁴ E.C. 47602 as amended by AB 1544 of 1998 (see Appendix F, page 414).

¹³⁵ E.C. 47605.8 (see Appendix 416).

When a charter is granted, the initial charter is approved for a period of up to five years. Renewals that are approved must be approved for five years and are based on the criteria associated with student achievement and academic quality. Charter authorizers also must provide ongoing oversight of the charter, including site visits and monitoring of the school's fiscal condition.¹³⁶ In California, charter school oversight and monitoring are primarily implemented by the school district authorizer. The law also provides county and state education agencies with charter oversight and monitoring responsibilities, including the right to investigate and to revoke a charter school.

California has also supported its charter schools by providing state-led technical assistance through a CDE charter support team and the State Advisory Commission on Charter Schools, which reviews charter school funding and programmatic issues and provides advice to the State Board of Education (SBE). In addition, the California Charter School Association (CCSA) and the Charter Schools Development Center (CSDC) provide resources and training for charter school leaders and staff. However, as described in Section (E)(2), the State intends to strengthen this support structure by creating a Regional Charter Innovation Center to support charter organizations to serve the needs of low-performing schools. The contract will be awarded by the fall of 2010 so that the organization can begin the work to assist LEAs while the LEAs plan for their 2011-12 implementation of the intervention models.

California works to ensure that charter schools provide high-quality education for students. However, for those charter schools that do not meet the statutory requirements, the charter is revoked. A charter can be revoked for failure to meet or pursue any student outcomes identified in the charter; violation of the charter's conditions, standards, or procedures; fiscal mismanagement; or violation of any provision of law.¹³⁷ To strengthen the existing accountability provisions, in December 2009, the SBE began the rule-making process to adopt regulations that would allow for the revocation of academically low-performing charter schools by the SBE.

To demonstrate California's commitment to approve high-quality charters and to revoke the charters for schools that have not been successful, Exhibit 25 provides data on the numbers of charter schools started, renewed, and closed for each of the past five years.

¹³⁶ E.C. 47604.32-47604.33 (see Appendix F, page 417).

¹³⁷ E.C. 47607 (see Appendix F, page 417).

**Exhibit 25: Number of California Charter School Applications Approved,
Denied, and Closed, 2005–06 to 2009–10**

	2005–06	2006–07	2007–08	2008–09	2009–10
Number of charter school applications approved	78	107	100	86	66
Number of new charter school applications opened	85	78	108	83	92
Number of charter schools closed (including charter schools that were not reauthorized to operate)	31	39	25	35	10 (to date)

The State does not maintain information on the total number of applications made for charter schools or the total number of new charter applications denied, nor does it systematically collect the reasons why charter school applications are denied. Therefore, we cannot provide that information in this application; however, the State is currently developing plans to collect such data, as indicated in California’s State Fiscal Stabilization Fund (SFSF) Phase 2 application.

Section (F)(2)(iii)

California has established funding mechanisms for the State’s charter schools to help ensure that charter schools receive equitable funding as compared with traditional public schools.¹³⁸ The State’s Education Code states that “It is the intent of the Legislature that each charter school be provided with operational funding that is equal to the total funding that would be available to a similar school district serving a similar pupil population.”¹³⁹ Section (F)(1)(ii) describes California’s general funding mechanism for our schools, which provides both significant general purpose funding as well as categorical funding. Charters receive funding that is similar to traditional public schools, both from the State funding mechanisms and from federal funding. Analysis of revenues reported by LEAs for 2007–08 indicates that for the most part, this aim is successful. (See Appendix F starting on page 426 for a more detailed description and an overview of the State’s Education Code in this area.)

¹³⁸ E.C. 47630—47664.

¹³⁹ E.C. 47630.

Section (F)(2)(iv)

The provision of facilities is one of the greatest challenges faced by charter schools throughout the country. California is unique in providing several programs and in enacting legislation to assist charter schools in securing facilities. For instance, in 2000, voters in California enacted Proposition 39, which required that public school facilities be shared fairly among all public school students, including those in charter schools.¹⁴⁰ Charters participate in significant state and federal programs for facility costs, and are treated in a manner substantially similar to public schools. (See Appendix F starting on page 445 for more details.)

Additionally, the State has made a significant investment in charter school facilities through the State School Building Program. This program provides state general obligation bond funds for school district facility construction and renovation. In the last three bond measures approved by California voters, charter schools received a specific set-aside of these bonds that were earmarked exclusively for charter school construction and renovation projects which charters could access independently from their district.¹⁴¹ In total, these three bond measures have authorized \$850 million for charter school construction projects.

To summarize this section, California's work toward approval, funding, oversight, and facilities of charter schools—coupled with a strong accountability system that holds them to the same academic standards as all public schools—demonstrates the State's overarching commitment to ensure that all students across the State have access to innovative learning environments.

(F)(3) Demonstrating Other Significant Reform Conditions

In addition to the reform conditions the State has put in place around the four key assurance areas that have already been described in this proposal, California has taken many additional measures to build a foundation of reform. Here, we highlight two: (1) creating a policy environment for strengthening the role of parents in the education of their children, especially when those children attend low-performing schools; (2) encouraging innovation and flexibility at the local level; and (3) improving and expanding early childhood education.

¹⁴⁰ E.C. 47614.

¹⁴¹ E.C. 100620; 100820; and 101012.