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FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

The 2020–21 State Budget and Charter Schools—Part 1

✓ BY [BRIANNA GARCÍA](#)

✓ BY [KATHLEEN SPENCER](#)

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In large part, the 2020–21 Adopted State Budget included numerous changes that affect all local educational agencies (LEAs). From the hold harmless provision that provides for the use of 2019–20 average daily attendance (ADA) for 2020–21, to the almost \$12 billion in deferrals from fiscal year 2020–21 to 2021–22, school districts and charter schools are similarly impacted. However, [Senate Bill \(SB\) 98 \(Chapter 24/2020\)](#) includes a number of provisions that uniquely affect charter schools. We are providing a two-part *Fiscal Report* article as an overview of many, though not all, of the provisions and changes of which charter schools and charter school authorizers alike should be aware. In this article, we cover changes to the material revision and renewal process for charter schools as well as other miscellaneous issues.

Material Revisions

1. [Assembly Bill \(AB\) 1505 \(Chapter 486/2019\)](#) added two new reasons for denial of a petition (Education Code Sections [EC §] 47605[c][7] and [8])—the charter school is

demonstrably unlikely to serve the interests of the entire community and the school district is not positioned to absorb the fiscal impacts of the proposed charter school. Neither of these reasons can be used to deny renewal of an existing charter school, but may be used to deny expansion or other changes under a material revision. SB 98 makes clear that as it pertains to material revisions, the analysis required for these two new reasons is limited to consideration of only the impact of the proposed material revision. In other words, while the two new reasons can be used to deny the expansion or change that necessitates a material revision, they cannot be used to deny the continuing operations of an existing charter school (EC § 47607[a][4]).

2. Charter schools are not required to submit a material revision in order to offer distance learning as is allowed under the newly created provisions of SB 98. Additionally, SB 98 clarifies that existing classroom-based charter schools that offer distance learning, as defined in the bill, will retain that status in 2020–21 and will not be considered a nonclassroom-based charter school, as defined in EC § 47612.5 (see [“Ask SSC . . . When Can My District Offer Distance Learning?”](#) in the July 2020 *Fiscal Report*) (EC § 43506).
3. A charter school scheduled to open or add grade levels in the 2020–21 school year is allowed to delay opening or adding grade levels for one year without submitting a material revision. A charter school is required to notify its chartering authority, the California Department of Education, and the parents/guardians of students who have indicated an intent to enroll in the charter school or the affected grade levels, in writing, of the decision to delay opening or adding grade levels. The deadline for this notification is today, July 17, 2020 (SB 98, Section 105).

Renewals

AB 1505 established new criteria for the approval and denial of renewal petitions. The criteria require the chartering authority to determine a charter school’s performance on state and local indicators found on the California School Dashboard for the two consecutive years immediately preceding the renewal decision. However, due to the pandemic, the 2020 Dashboard will not be released, which would affect the ability of a chartering authority to determine the appropriate statute to follow when considering a renewal petition both in the 2020–21 and 2021–22 school years.

Therefore, SB 98 adds language noting that if the “two consecutive years immediately preceding the renewal decision” include the 2019–20 school year, a chartering authority should look at the performance in *two of the three years* immediately preceding the renewal decision (EC § 47607 [c][2][B] and 47607.2[a][2]).

Miscellaneous

- Prohibits the State Board of Education (SBE) from waiving transparency laws (e.g., Brown Act, California Public Records Act, etc.) enacted by [SB 126 \(Chapter 3/2019\)](#) (EC § 47604.1[g])
- Includes clean-up language in various sections to align existing law with changes made by AB 1505 and [AB 1507 \(Chapter 487/2019\)](#)
- Adjusts one of the definitions for sponsoring an LEA, as it pertains to the in-lieu of property tax transfer, as the SBE can no longer approve charter petitions, and instead references the SBE’s ability to reverse the determination of an LEA (EC § 47632[i][3])

The second article in this series will cover changes to charter school definitions and related impacts to funding—stay tuned.