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FISCAL REPORT

The 2020–21 State Budget and Charter Schools—Part 2

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This is the second of a two-part *Fiscal Report* article to address the provisions in [Senate Bill \(SB\) 98 \(Chapter 24/2020\)](#) that uniquely affect charter schools (see, “[The 2020–21 State Budget and Charter Schools—Part 1](#),” in the July 2020 *Fiscal Report*). In this article, we will cover the changes related to charter school definitions in SB 98 and how those impact school funding.

New Charter School Definitions

New language was needed in the wake of [Assembly Bill \(AB\) 1507 \(Chapter 487/2019\)](#), which required that charter schools—and any resource centers, satellite facilities, and/or meeting spaces—be located within the boundaries of their chartering authorities. However, AB 1507 provided out-of-compliance charter schools, resource centers, satellite facilities, and/or meeting spaces with two options:

1. Remain in their location with written approval from the school district where the site is located; or
2. Submit a request for renewal to the school district where the site is located. Due to this second option, numerous newly configured charter schools were created that were in whole or in part continuing existing operations.

As such, SB 98 provides new charter school definitions in Education Code Section (EC §) 47654 to address these situations, as follows:

Affected Charter School	A charter school that has been, or is proposed to be, affected by an action of AB 1507
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Acquiring Charter School	A state charter school deemed a continuing charter school that was wholly combined with one or more other affected state charter school(s) (becomes inoperative July 1, 2023)
Continuing Charter School	A charter school that was granted approval of its petition, was providing educational services to students prior to October 1, 2019, is authorized by a different chartering authority due to the changes in AB 1507, and has provided notice and substantiation to the California Department of Education (CDE) per EC § 47653 (discussed in more detail below)
Divided Charter School	A continuing charter school that has had one or more of its sites become a separately authorized charter school
Restructured Portion of a Divided Charter School	The site or sites of a divided charter school that each became separately authorized
Remaining Portion of a Divided Charter School	The portion of the original charter school remaining after action is taken to bring sites, resource centers, satellite facilities, and meeting spaces in compliance with AB 1507
Original Charter School	A charter school as it existed before an action to comply with AB 1507
Restructured Charter School	A transferred charter school, acquiring charter school, or divided charter school
Transferred Charter School	A continuing charter school that is wholly authorized by a different chartering authority

Given these new definitions, the following aspects of funding have been affected—each of which is calculated as follows for the newly configured charter schools:

Unduplicated Pupil Percentage—EC § 42238.02(b)(5)(E).

1. Transferred charter school—based on the enrollment for the original charter school
2. Acquiring charter school—based on the enrollment for the original charter school (becomes inoperative July 1, 2023)
3. Restructured portions of a divided charter school—based on an enrollment of zero
4. Remaining portion of a divided charter school—based on the enrollment of the original charter school

Economic Recovery Target—EC § 42238.025(e).

1. Transferred charter school—payment will be equal to the amount calculated for the original charter school
2. Acquiring charter school—payment will be equal to the sum of the amounts calculated for the original charter schools (becomes inoperative July 1, 2023)
3. Divided charter school—payment will be divided between the restructured and remaining portions based on each charter school's share of the combined average daily attendance (ADA) as of the Second Principal Apportionment in the fiscal year immediately before the first fiscal year of instruction

The Local Control Funding Formula itself is also affected and EC § 42238.03(e)(4) details how funding will be calculated for transferred, acquiring, and divided charter schools.

In addition to the funding implications, there are debt and liability implications when newly configured charter schools are being formed pursuant to AB 1507. Therefore, SB 98 adds EC § 47655, which states that all debt and liabilities owed to the state for an original charter school are transferred to a restructured charter school as follows:

1. A transferred charter school retains all of the debt and liabilities owed to the state incurred by, or applicable to, the original charter school for the period before the fiscal year the restructuring becomes effective.
2. An acquiring charter school assumes all of the debt and liabilities owed to the state incurred by, or applicable to, the original charter school for the period before the fiscal year the restructuring becomes effective (becomes inoperative July 1, 2023).
3. For a divided charter school, the debt and liabilities owed to the state incurred by, or applicable to, the original charter school for the period before the fiscal year the restructuring becomes effective will be the responsibility of the remaining portion of the divided charter school. If the remaining portion closes, unassigned debt and liability owed the state will be the responsibility of the restructured charter schools.

Continuing Charter Schools

Continuing charter schools must complete a number of actions under both the education code and the government code to be considered continuing.

EC § 47653

A charter school required to be regarded as a continuing charter school by the CDE must notify the CDE by May 15 before the fiscal year in which it is to be regarded as a continuing charter school, in a format established by the State Superintendent of Public Instruction (SSPI). The SSPI may require attendance records

or other documents to verify instruction had been provided at the site to substantiate that the charter school meets the requirements. A charter school—or its chartering authority—that fails to provide notice and substantiation relieves the CDE of any obligation to regard the charter school as a continuing charter school.

In addition, a charter school authorized by a different chartering authority must be effective before the date instruction begins for the current fiscal year. The charter school must begin instruction within the first three months of the fiscal year of the year the petition is effective and is not eligible for an apportionment for any fiscal year in which instruction started after September 30. Lastly, continuing charter schools are not eligible for funding that is available to new charter schools.

Government Code Section 17581.6(c)(1)(B).

A continuing charter school must do all of the following in the first year it is affected by an action to restructure:

1. provide timely notification to the SSPI pursuant to EC § 47653;
2. submit a letter requesting funding on or before August 30 of the fiscal year for which funding is requested, or 30 days after the charter school is assigned a number by the State Board of Education; and
3. as applicable, provide the SSPI the prior-year ADA attributable to each restructured charter school to be used in the calculation of funding.

Again, this two-part article is not a comprehensive analysis of the changes within SB 98, but it provides some of the most salient provisions on changes to charter school status, and hopefully provides a reference for quickly finding relevant sections within the bill.