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FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Education Trailer Bill—Impacts on Charter Schools

 [BY BRIANNA GARCÍA](#)

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Similar to the first education budget trailer bill for the 2020–21 Adopted State Budget ([Senate Bill \[SB\] 98 \[Chapter 24/2020\]](#)), [SB 820](#)—the education budget cleanup trailer bill—includes numerous provisions that either exclusively affect charter schools or affect them in slightly different ways than other local educational agencies (LEAs). This article covers those items uniquely pertinent to charter schools of which both charter schools and their authorizers need to be aware. (Note that the section numbers noted in parenthesis next to each title refer to the corresponding sections in SB 820.)

Attendance Lottery (Section 14.)

As you are aware, the 2020–21 Adopted State Budget included an average daily attendance (ADA) hold harmless which states that all LEAs will be funded in 2020–21 based on their 2019–20 ADA. For LEAs in declining enrollment or who might be experiencing a decrease in enrollment this year due to the pandemic, this offers a reprieve. However, for those LEAs that are growing or that anticipated growth this year, the hold harmless provides a bit of a conundrum—more enrolled students with no corresponding funding. With SB 820, the

Legislature provided some relief, though with limits.

SB 820 includes a provision to provide growth funding for LEAs, excluding nonclassroom-based charter schools, as long as the LEA projected enrollment or ADA growth in its 2019–20 Second Interim report or 2020–21 budget adopted by June 30, 2020. This limitation on growth funding has a particular impact on charter schools who, unlike school districts, are not required to accept all students who apply.

Education Code Section (EC §) 47605(e)(2)(B) includes a provision that requires a charter school that has more students wishing to attend than it has capacity to hold a public random drawing to determine which students will be admitted. SB 820 takes a page from this provision for those charter schools that now find themselves with more students enrolled than is sustainable given their fiscal capacity due to the lack of or limited growth funding. In this case, the charter school must conduct a public random drawing in order to determine which new students will remain enrolled in the charter school for the 2020–21 school year.

Growth Funding (Section 13)

A quick side bar regarding growth funding . . . If a charter school has ceased operation during or after the 2019–20 school year and is not providing instruction in the 2020–21 school year, the sponsoring LEA—as defined in EC § 47635(i)—absorbs the ADA of the former charter school.

Further, as noted in “[The 2020–21 State Budget and Charter Schools—Part 2](#),” in the July 2020 Fiscal Report, SB 98 included new charter school definitions as a result of changes enacted by [Assembly Bill \(AB\) 1507 \(Chapter 487/2019\)](#). SB 820 includes language for how ADA will be allocated for divided charter schools. Ultimately, the total ADA attributable to the restructured and remaining portions of a divided charter school cannot exceed the total ADA of the original charter school for the 2019–20 fiscal year. This calculated ADA will be used for any calculations for the affected charter schools that require the use of ADA.

Certificated Employees (Section 16)

[AB 1505 \(Chapter 486/2019\)](#) added a requirement that all charter school teachers be credentialed by July 1, 2020. It also, however, provided that teachers already employed by

charter schools during the 2019–20 school year had until July 1, 2025, to obtain their certification. SB 820 clarifies that as it pertains to distance learning—where instruction must be provided under the immediate supervision of a certificated employee—the flexibility provided to charter school teachers employed during the 2019–20 school year apply. Therefore, those teachers, while not yet certificated, can provide instruction as part of distance learning.

Newly Operational Charter School Funding (Section 17)

For newly operational charter schools—either authorized by a school district or county office on or before June 30, 2020, or approved by the State Board of Education at its July 8 and 9, 2020, meeting, and beginning instruction in the 2020–21 school year—the California Department of Education (CDE) will use the certified enrollment as of Census Day, October 7, 2020, reduced by the statewide average rate of absence by respective grade span (i.e., K–8 or 9–12), as applicable.

These newly operational charter schools will receive advance funding per EC §47652 for July 2020 through January 2021, and be subject to the same deferrals as other LEAs for February through June 2021.

Rescission Notification (Section 18)

SB 98 allowed charter schools to delay adding grade levels as noted in their charter petition for the 2020–21 school year. SB 820 allows charter schools who provided that notification to rescind it. No later than September 30, 2020, the charter school must notify, in writing, its chartering authority, the CDE, and the parents or guardians of students—who indicated their intent to enroll in the charter school or affected grade levels—of the charter school's decision to rescind the decision to add grade levels as proposed in its charter petition.

School Plan for Student Achievement (Section 73)

LEAs are required to complete a School Plan for Student Achievement (SPSA). Single-school districts and charter schools are able to use their Local Control and Accountability Plan (LCAP) to serve as the SPSA, provided certain requirements are met. As LEAs are not required to complete an LCAP for the 2020–21 school year, single-school districts and charter schools are required to complete an SPSA for 2020–21 in addition to their Learning

Continuity and Attendance Plan (Learning Continuity Plan). SB 820 requires the stakeholder process used for the Learning Continuity Plan to also be utilized for the adoption of the SPSA.

Nonclassroom-based Charter School Funding (Section 75)

Per [SB 740 \(Chapter 892/2001\)](#), nonclassroom-based charter schools must take part in a funding determination process to calculate their funding amounts. SB 820 provides that nonclassroom-based charter schools with funding determinations that expire on June 30, 2021, or June 30, 2022, will receive their current funding for two years upon submission of a complete funding determination request no later than June 30, 2021, or June 30, 2022, as applicable. If the charter school submits a late funding determination request, it will receive 85% funding for two fiscal years.

As of the posting of this article, Governor Gavin Newsom has not signed SB 820 into law, though he is expected to do so. Once signed, the provisions of SB 820 go into effect immediately, so we would encourage charter schools and their chartering authorities to begin planning for the required changes.