

## **STRENGTHENING CALIFORNIA'S CHARTER SCHOOL SECTOR: UPDATING CALIFORNIA'S CHARTER SCHOOL AUTHORIZING FUNCTIONS AND FUNDING**

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### **EXECUTIVE SUMMARY**

California's charter school sector serves more than 725,000 students and relies on local school districts and county offices of education (COE) to authorize and oversee charter schools on behalf of the public. In recent years, however, high-profile cases of fraud and financial mismanagement have exposed serious vulnerabilities in the state's charter oversight system. These events have prompted renewed legislative and public scrutiny and underscored the urgent need to modernize California's approach to charter school authorizing.

This study by the CCAP, in partnership with the National Network for District Authorizing (NN4DA), examines California's charter authorizing system to inform state policy discussions about authorizer responsibilities, authority, and funding. The study identifies systemic gaps that undermine effective oversight and offers actionable recommendations to strengthen authorizing while preserving local control and charter school autonomy.

#### **Purpose and Approach**

The study had four primary objectives:

1. **Identify effective authorizing practices**, the full range of authorizer responsibilities across the charter school life cycle, from application review through renewal and closure.
2. **Assess challenges to effective authorizing to California**, including gaps in statute, policy, authority, and resources that limit authorizers' ability to prevent, detect, and address problems.
3. **Assess California's authorizer funding system**, with particular attention to how enrollment-based funding interacts with authorizer capacity, workload, and incentives.
4. **Offer policy recommendations** to strengthen accountability, align resources with responsibilities, and reduce weak or ineffective oversight.

To achieve these goals, the study employed a multi-method approach, including a literature review of historical and recent reports, a cross-state policy analysis, a survey of California authorizers, and in-depth interviews and focus groups with district and COE authorizers representing a range of sizes, geographies, and charter portfolios.

#### **Key Findings**

1. **Financial oversight weaknesses in California's charter system have been well documented for decades, yet the State has not enacted recommended reforms.** An array of audits and task force reports has pointed to serious and persistent vulnerabilities. California is not only vulnerable, but attractive, to bad actors. Historically, passage of even common-sense or technical measures in California has been impeded by political polarization and the tendency to encumber any charter legislation with provisions advancing wider pro- or anti-charter agendas.
2. **California's minimal codified authorizer standards and accountability result in widely inconsistent quality of authorizing.** The mismatch between the five basic authorizer duties in the Education Code and the actual work of authorizing leads to significant variation in local practice and poor outcomes. This is exacerbated by the lack of mechanisms to confirm performance of authorizing functions and intervene where authorizing is inadequate.

3. **Authorizers lack the unambiguous statutory authority and the tools needed for effective performance management and to fulfill other responsibilities.** California authorizers have limited tools to address concerns as they emerge, in calibrated but enforceable ways. California does not use performance contracts as other states do, instead making the charter petition the continued foundational legal document. In addition, California academic performance measures remain ill-suited for informing high-stakes decisions.
4. **The current authorizer funding system undermines effective oversight.** Many critical authorizing tasks receive no dedicated funding. Other tasks and costs are more event-driven than enrollment-driven. Some authorizers have inadequate resources for even minimal authorizing. Yet with some large schools, the system generates far more authorizer funding than is necessary for high-quality oversight, leading to misplaced incentives.
5. **Statewide technical assistance for authorizers remains uneven and fragmented and may not reach the authorizers that need it most.** The tools, trainings, and supports some authorizers receive have limited funding and require authorizers to dedicate precious time and resources. They also are entirely voluntary, unsupported by codified comprehensive authorizing standards or accountability mechanisms.

## Recommendations

1. **Strengthen fiscal oversight in most of the ways set forth in Senate Bill 414 and Assembly Bill 84.** Together, these measures would provide a strong foundation for the changes needed to ensure fiscal integrity.
2. **Codify detailed authorizer standards in state law, aligned with policy and guidance, hold authorizers accountable for fulfilling these standards, and intervene when they do not.** Codifying a statewide set of authorizer standards—building on well-established state and national understanding of strong practices—and establishing an aligned authorizer accountability system focused on improving practice, would provide transparency, enable targeted technical assistance, and reinforce common expectations.
3. **Clearly establish more authorizer authority for charter performance management and intervention tools.** Use of charter performance contracts and a more incremental range of tiered intervention tools would create transparent, enforceable expectations aligned to improved authorizing standards. Strengthening authorizers' ability to measure and emphasize academic growth data in performance management tools, and clarifying oversight roles, would support timely and effective performance management.
4. **Revise the authorizer funding system to support currently unfunded authorizing tasks, ensure that every authorizer has adequate resources and capacity to fulfill its responsibilities as clarified, and eliminate over-allocation of resources and the associated negative incentives.** Capping the amount of funding that an authorizer receives based on any one school, and shifting the difference to a statewide pool to reinvest where funding is inadequate, would provide funding to ensure that quality authorization even of small schools by small districts—in a way that is revenue-neutral for the State and for charter schools.
5. **Strengthen and systematize supports for authorizers, aligned to authorizing standards, and ensure they are available to all authorizers.** Building a coordinated and universal authorizer support system, drawing from and strengthening existing assets, is essential to ensuring that all authorizers have the tools, training, and guidance needed to implement higher standards across a diverse range of school models.

## Conclusion

California's charter school oversight challenges are not the result of isolated failures but of systemic misalignment among expectations, authority, and resources. Addressing these issues is essential to protecting students, safeguarding public funds, and maintaining public confidence in the charter school sector. Reform efforts focused solely on financial controls or audit requirements, while necessary, are insufficient on their own. By modernizing authorizer policy and funding structures, California can strengthen accountability while preserving the flexibility and innovation that charter schools are intended to provide.