



# CALIFORNIA STATE BOARD OF EDUCATION

## JULY 2004 AGENDA

<b>SUBJECT</b> Determination of funding requests from charter schools pursuant to Senate Bill (SB) 740 (Chapter 892, Statutes of 2001), specifically <i>Education Code</i> sections 47612.5 and 47634.2, and <i>California Code of Regulations</i> , Title 5 sections 11963 to 11963.6, inclusive: approval for 2003-04 (and beyond)	<input checked="" type="checkbox"/> <b>Action</b> <input checked="" type="checkbox"/> <b>Information</b> <input type="checkbox"/> <b>Public Hearing</b>
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### RECOMMENDATION

Approve various 2003-04 (and beyond) determination of funding requests from charter schools pursuant to *Education Code* sections 47612.5 and 47634.2, and *California Code of Regulations*, Title 5 sections 11963 to 11963.6, inclusive, based upon the recommendations of the Advisory Commission on Charter Schools (ACCS) and the California Department of Education (CDE).

### SUMMARY OF PREVIOUS STATE BOARD OF EDUCATION DISCUSSION AND ACTION

SB 740 enacted (possible) funding reductions for charter schools that offer nonclassroom-based instruction. Nonclassroom-based instruction occurs when a charter school does not require attendance of its pupils at the school site under the direct supervision and control of a qualified teaching employee of the school for at least 80 percent of the required instructional time. For 2003-04 and each fiscal year thereafter, the law states that funding reductions of 30 percent of qualifying charter schools' nonclassroom-based average daily attendance (ADA) shall be made unless the State Board of Education (SBE) determines that a greater or lesser percentage is appropriate for a particular charter school. Furthermore, pursuant to SB 740, a charter school is prohibited from receiving any funding for nonclassroom-based instruction unless the SBE determines its eligibility for funding.

SB 740 also established the ACCS to develop the criteria for the SBE to use in making funding determinations. The ACCS also provides recommendations to the SBE on appropriate funding determinations for nonclassroom-based charter schools and on other aspects of the SBE's duties under the Charter Schools Act.

The SBE adopted permanent regulations that became operative in November 2003 that specified the criteria that a nonclassroom-based charter school must meet in order for the SBE to determine that the school shall receive 100 percent funding. For 2003-04 and each fiscal year thereafter, the full funding criteria are that at least 50 percent of the school's public revenues must be spent on certificated employee salaries and benefits, at least 80 percent of all revenues must be spent on instruction and instruction-related costs, and the student-to-teacher ratio may not exceed the student-to-teacher ratio of the largest unified school district in the county in which the charter school is located. Schools must spend a minimum of 40 percent on certificated employee salaries and

benefits and 60 percent on instruction and instruction-related costs or the funding percentage is zero. Pursuant to the regulations, the SBE may approve a higher or lower funding level than the criteria would prescribe based upon mitigating circumstances of the school that indicate that a higher or lower funding level is appropriate.

At the May 2004 meeting, the SBE approved a large number of 2003-04 funding determination requests.

### **SUMMARY OF KEY ISSUES**

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Pursuant to the SB 740 regulations, all funding determination requests are required to be submitted to the CDE by February 1. The ACCS made recommendations on seven remaining funding determination requests for 2003-04 at the ACCS meeting on May 20, 2004.

### **FISCAL ANALYSIS (AS APPROPRIATE)**

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A determination of funding request approved at less than the 100 percent level may result in reduced apportionment claims to the state. The reductions in claims would result in a proportionate reduction in expenditure demands for Proposition 98 funds. All Proposition 98 funds, by law, must be expended each fiscal year. Thus, a reduction in apportionment claims may be more accurately characterized as an expenditure shift than as absolute savings under typical circumstances. In 2002-03, funding determination requests approved by the SBE at less than 100 percent resulted in over \$30 million in reduced apportionment claims. The reduction in 2003-04 is expected to be smaller; however, the amount will not be known until after the Second Principal Apportionment in June 2004.

### **ATTACHMENT(S)**

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[Attachment 1](#): 2003-2004 Funding Determination Requests (1 Page)

**2003-2004 Funding Determination Requests  
July 2004**

**2003-2004 (AND BEYOND)**

The following determination of funding request is recommended for approval by the State Board of Education for one year only (2003-2004) at the 100 percent level. The reasons justifying a level higher than 70 percent in 2003-2004 and beyond are that (1) the school met the minimum criteria specified in regulation for the 100 percent level, and (2) the school presented sufficient evidence (taking the totality of the request into account along with any other credible information that may have been available) that the 100 percent funding determination level is necessary for the school to maintain nonclassroom-based instruction that is conducted for the instructional benefit of the student and is substantially dedicated to that function.

<b>Charter Number</b>	<b>Charter Name</b>	<b>2003-2004</b>
#024	Vantage Point Charter School (Appeal)	100%
#063	Mountain Home School Charter (Appeal)	100%
#082	Union Hill Charter School	100%
#099	East Bay Conservation Corps Charter	100%
#179	Santa Barbara Middle Charter School	100%

The following determination of funding request is recommended for approval by the State Board of Education for one year only (2003-2004) at the 70 percent level.

<b>Charter Number</b>	<b>Charter Name</b>	<b>2003-2004</b>
#297	California Charter Academy – Orange	70%
#324	HomeSmartKids of Knightsen	70%

The following determination of funding request is recommended for approval by the State Board of Education for one year only (2003-2004) at the 60 percent level.

<b>Charter Number</b>	<b>Charter Name</b>	<b>2003-2004</b>
#379	One Step Up Charter Academy	60%