



CALIFORNIA STATE BOARD OF EDUCATION

MAY 2004 AGENDA

SUBJECT 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"/> Action
	<input checked="" type="checkbox"/> Information
	<input type="checkbox"/> Public Hearing

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 March 2004 meeting, the SBE approved several 2003-04 (and beyond) funding determination requests.

SUMMARY OF KEY ISSUES

Pursuant to the SB 740 regulations, all funding determination requests are required to be submitted to the CDE by February 1. Following is a list of recommendations from ACCS meetings on March 18, 2004 and April 16, 2004, which contain the majority of the remaining funding determination requests to be considered for 2003-04.

FISCAL ANALYSIS (AS APPROPRIATE)

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

[Attachment 1](#): 2003-2004 Funding Determination Requests (3 Pages)

**2003-2004 Funding Determination Requests
May 2004**

2003-2004 (AND BEYOND)

The following determination of funding request is recommended for approval by the State Board of Education for three years (2003-2004, 2004-2005, and 2005-2006) 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.

Charter Number	Charter Name	2003-2004	2004-2005	2005-2006
#020	Santa Barbara Elementary Charter School	100%	100%	100%
#120	River Valley Charter School	100%	100%	100%
#257	Sanger Hallmark Charter School	100%	100%	100%
#357	Denair Charter Academy	100%	100%	100%

The following determination of funding request is recommended for approval by the State Board of Education for two years (2003-2004 and 2004-2005) 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.

Charter Number	Charter Name	2003-2004	2004-2005
#320	Long Valley Charter School	100%	100%
#332	Valley Oaks Charter School (Kern)	100%	100%
#500	Applied Sciences and Technology Academy	100%	100%
#501	Valley Oak Charter School (Ventura)	100%	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 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.

Charter Number	<i>Charter Name</i>	2003-2004
#015	Horizon Instructional Systems	100%
#061	Choice 2000 Charter School	100%
#067	HomeTech Charter School	100%
#069	Nevada City Charter School	100%
#110	Learning Community Charter School	100%
#155	Paradise Charter Network	100%
#159	Mattole Valley Charter School	100%
#160	Liberty Family Academy	100%
#163	New Millennium Institute of Education	100%
#196	Fresno Prep Academy	100%
#199	The Classical Academy	100%
#247	Pacific View Charter School (San Diego)	100%
#250	Charter Home School Academy	100%
#277	Pacific View Charter School (Humboldt)	100%
#362	Learning for Life Charter School	100%
#366	Shenandoah High School	100%
#375	La Vida Independent Study Charter	100%
#386	University Prep Charter School	100%
#392	Gold Rush Home Study Charter School	100%
#492	Pathways Charter School	100%
#516	Coastal Academy	100%
#527	Mountain Oaks Charter School	100%
#528	Archway Academy	100%
#591	Oasis Charter Academy	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 85 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 85 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 85 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.

Charter Number	<i>Charter Name</i>	2003-2004
#024	Vantage Point Charter School	85%
#370	Wheatland Charter Academy	85%

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.

Charter Number	<i>Charter Name</i>	2003-2004
#262	California Charter Academy – San Bernardino	70%
#377	California Charter Academy - Affiliates	70%