

Date of Hearing: April 10, 2019

ASSEMBLY COMMITTEE ON EDUCATION
Patrick O'Donnell, Chair
AB 1506 (McCarty and O'Donnell) – As Amended April 1, 2019

SUBJECT: Charter schools: statewide total

SUMMARY: Establishes a statewide and local cap on the number of charter schools that can operate. Specifically, **this bill:**

- 1) Specifies that the maximum total number of charter schools authorized to operate in this state shall be the total number of charter schools authorized and operating as of January 1, 2020.
- 2) Requires the State Board of Education (SBE) to develop a numbering system for charter schools that identifies each school associated with a charter and that operates within the statewide limit.
- 3) Requires the California Department of Education (CDE) to post the statewide limit of charter schools authorized to operate in the state on its internet website.
- 4) Specifies that a school district, a county office of education, or the state board shall not authorize a charter school above the number of operating charter schools authorized by the respective entity as of January 1, 2020.
- 5) Specifies that a school district, a county office of education, or the state board may only authorize one charter school after one charter school closes in its respective jurisdiction.
- 6) Specifies that subject to the limitations, and notwithstanding any other law, a school district, a county office of education, or the state board shall give priority to a charter petition submitted to establish a charter school that will not be operated by an entity that is operating another charter school.
- 7) Prohibits the limit to be waived by the SBE.

EXISTING LAW:

- 1) Specifies that in the 1998–99 school year, the maximum total number of charter schools authorized to operate in this state shall be 250. Specifies that in the 1999–2000 school year, and in each successive school year thereafter, an additional 100 charter schools may be authorized to operate. (Education Code 47602)
- 2) Requires the SBE to assign a number to each charter petition that it grants and to each charter notice it receives, based on the chronological order in which the notice is received. Specifies that each number assigned by the SBE on or after January 1, 2003, shall correspond to a single petition that identifies a charter school that will operate within the geographic and site limitations. Requires the SBE to develop a numbering system for charter schools that identifies each school associated with a charter and that operates within the existing limit on the number of charter schools that can be approved each year. (Education Code 47602)

- 3) Prohibits a charter to be granted that authorizes the conversion of any private school to a charter school. Specifies that no charter school shall receive any public funds for a pupil if the pupil also attends a private school that charges the pupil's family for tuition. (Education Code 47602)

FISCAL EFFECT: Unknown

COMMENTS: This bill establishes a statewide cap on the number of charter schools authorized, as of January 1, 2020. Further, the bill prohibits school districts and county offices of education from authorizing more charter schools beyond the number authorized on January 1, 2020. In the future, after one charter school closes in a school district or county office of education, one new charter school can be authorized, so that the number of charter schools operating does not increase.

Background on Charters: According to the California Department of Education (CDE), in the 2018-19 academic year there were 1,317 charter schools in California, with an enrollment of over 630,000 students. Some charter schools are new, while others are conversions from existing public schools. Charter schools are part of the state's public education system and are funded by public dollars. A charter school is usually created or organized by a group of teachers, parents and community leaders, a community-based organization, or a charter management organization. Charter schools are authorized by school district boards, county boards of education or the State Board of Education. A charter school is generally exempt from most laws governing school districts, except where specifically noted in the law. Specific goals and operating procedures for the charter school are detailed in an agreement (or "charter") between the sponsoring board and charter organizers.

According to the Author: "In 1992, California passed the Charter Schools Act, which encouraged innovation for teachers to open schools to better serve students. Initially, 100 total schools were allowed to operate. In 1998, the Legislature passed a bill to increase the total number to 250, with an additional 100 schools authorized each year. AB 1506 will institute a statewide and local cap on the number of charter schools that can operate at a given time within a district. By implementing a cap, we will not close charter schools, but will rather maintain the current number of charter schools."

Current Charter School Cap: The current statewide charter school cap is 2,250 for the 2018-19 school year and it increases by 100 each year. The current number of charter schools operating in California is 1,317. The statewide cap is significantly higher than the number of currently authorized charter schools, because the annual increase of 100 charter schools has never been actualized on an annual basis. This essentially makes the statewide cap irrelevant.

Charter School Enrollment: The following research studies demonstrate the charter school enrollment trends.

- Kevin Hesla, Jamison White, and Adam Gerstenfeld. 2019: "California now has five districts with greater than 30% charter enrollment share. In 2017-18, two districts in California passed the 30% charter school enrollment share threshold for the first time: Alum Rock Union Elementary School District and Oakland Unified School District. These districts join Inglewood Unified School District, Franklin-McKinley School District, and Natomas Unified School District. Los Angeles Unified School District tops

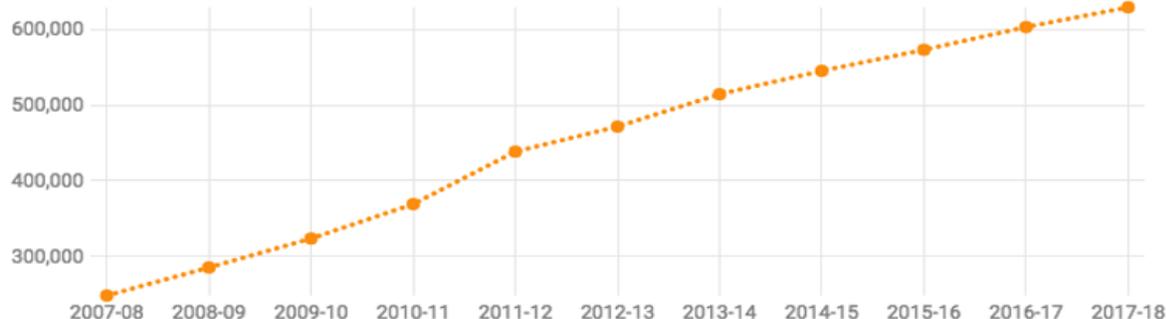
the nation in both the number of charter schools and the number of students enrolled. In 2017-18, approximately 10% of all California students were enrolled in charter schools.”

- Rebecca David and Kevin Hesla, 2018: In 2017-18, California had approximately 630,300 students enrolled in charter schools – the most in the country next to Texas, which had an estimated 337,000 students in charter schools. In 2017-18, California experienced a 5% growth in both the number of and student enrollment in charter schools.

The graph below illustrates the enrollment growth at charter schools since the 2007-08 school year.

Growth in California's Charter Schools

Only about 10 percent of California's 6.2 million public-school students were enrolled in charter schools in 2017-18. Still, the state's charter school enrollment has more than doubled over the last 10 years.



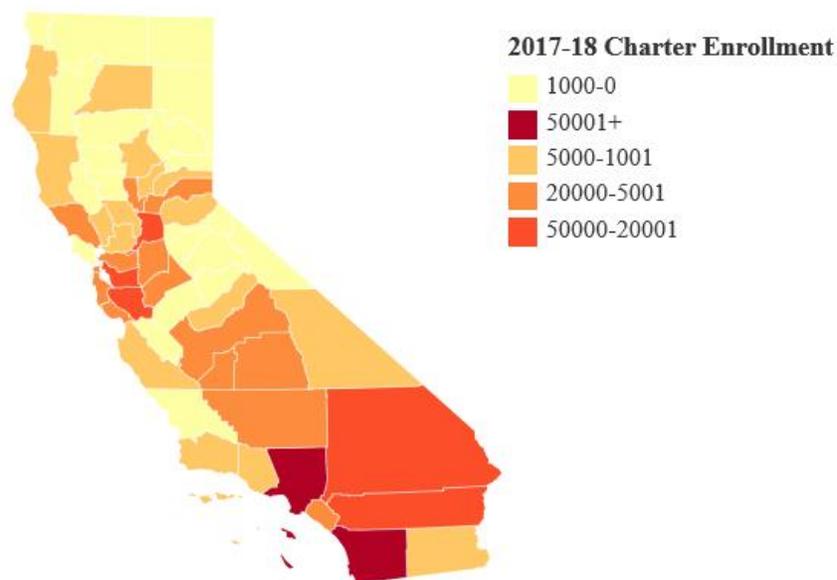
Source: Ricardo Cano CALmatters and California Department of Education

Charter School Saturation Point: According to a 2017 report by In the Public Interest, “A district that already has enough seats for all its students is ineligible for new construction funding. Charter schools, by contrast, are not subject to this constraint, and are frequently built in districts that already have enough seats for the entire projected population. By examining the time and place of school openings, it is possible to gauge the number of charter schools that were built in places where public school construction would not have been authorized. The results are concerning: a total of 447 California charter schools have opened in places where there already were seats available for every student—representing 48% of all schools for which data is available.

At least 30% of charter schools were both opened in places that had no need for additional seats and also failed to provide an education superior to that available in nearby public schools. This number is almost certainly underestimated, but even at this rate, Californians provided these schools combined facilities funding of over \$750 million, at a net cost to taxpayers of nearly \$400 million.”

Where Are Students Attending Charter Schools?

The majority of California's charter school student population is concentrated in Los Angeles, San Diego and Bay Area counties. The map below shows the density of charter school enrollment across the State.



Source: Ricardo Cano CALmatters and California Department of Education

Charter School Enrollment and Financial Pressure on School Districts: The following research study demonstrates the financial pressure that charter school enrollment has on school districts.

- Gordon Lafer 2018: “Charter schools play a role in financial pressures on school districts. In Spring of 2018, as California school boards finalized their mandatory three-year financial plans—more than 250 school districts were preparing for budget cuts in the upcoming year, with at least 250 more projecting deficits to hit in 2019-20.

By 2016-17, charter schools were costing the Oakland Unified School District a total of \$57.3 million per year—a sum several times larger than the entire deficit that shook the system in the fall of 2017. Put another way, the expansion of charter schools meant that there was \$1,500 less funding available per year for each child in a traditional Oakland public school. In San Diego, the net cost of charter schools in 2016-17 totaled \$65.9 million—more than enough to have avoided the 2018 cuts and restored services lost in earlier years. And in East Side, the net impact of charter schools amounted to a loss of \$19.3 million per year, more than enough to avoid the planned round of staff layoffs. In recent years, a growing number of school officials have pointed to increasingly dire fiscal conditions caused by the continued unchecked expansion of charter schools.

Charter schools make it extremely difficult for districts to consolidate schools in the face of falling enrollment. As soon as the district closes a school, a charter school operator is free to open a new school in the same location, or at minimum intensify recruitment efforts targeting the newly dislocated students.

Charter schools themselves are often risky endeavors, and this forces districts to maintain sufficient space to be prepared for potential closures. In the past two decades, over 400 California charter schools have closed; 44 shuttered their doors in 2017-18 alone. And when charter schools close, school districts are legally required to accommodate their students. Thus, the volatility inherent to the charter sector forces school districts to maintain at least a modest cushion of surplus capacity.

For those districts where the overall student population is shrinking, the last thing rational planners would normally do is open more schools. Because the current charter authorization law allows for unlimited expansion even in times of shrinking population, it makes a difficult situation much more dire.”

Arguments in Support: According to San Francisco Unified School District, “Charter schools are a rapidly growing sector of the education system, increasingly targeting low-income areas and communities of color. Unfortunately, this growth has outstripped the pace of research to determine whether students are actually better served in these charter schools, as well as assessments of whether these new charter schools have a detrimental financial impact on other neighborhood schools. Last year, the SFUSD Board of Education unanimously passed a resolution in support of increased oversight, transparency, and accountability for charter schools. AB 1506 aligns with the findings and declarations in that resolution. Establishing a cap on the number of charter schools in the state will give school districts worried about charter school encroachment some breathing room and financial stability.”

Arguments in Opposition: According to the Charter Schools Development Center, “California’s original charter school laws, passed in 1992 capped the number of charter schools in the state at 100, with no more than 10 in any district. These laws were amended in 1998 to raise the statewide cap on the number of charter schools to 250 in 1998-99 and increases the cap by 100 schools each year thereafter. Today the cap on the number of charter schools that may be authorized in the state sits at 2,050 schools, well above the current +/-1,300 schools currently in operation. As such, it’s unclear what value an additional cap would add to the Education Code.”

Committee Amendments: *Staff recommends* the following amendments:

- 1) Prohibit the enrollment of a charter school authorized by a school district or county office of education to increase above the number authorized as of January 1, 2020, unless a previously approved petition would expand the number of enrolled pupils at that school.
- 2) Specify that when a charter school closes in a school district or county office of education, only a classroom-based school, that will not be operated by an entity managing a charter school, may be considered, unless a petitioner that will not be operated by an entity managing a charter school does not submit an application.

Prior Legislation: AB 1982 (Ammiano) from 2010, which failed passage in the Senate Education Committee, would have established a state-wide cap of 1,450 on the number of charter schools that can operate; required the Legislative Analyst’s Office (LAO) to make recommendations regarding the cap by July 1, 2015; prohibited charter school personnel from employing relatives; and, authorized school districts to approve a charter school only if the petition meets specific criteria.

AB 3 X5 (Torlakson) from 2009, deleted the statewide charter school cap and proposed changes to the measurable student outcomes, renewal and revocation procedures for charter schools. This bill was introduced but was not referred to a committee.

REGISTERED SUPPORT / OPPOSITION:

Support

American Federation Of State, County And Municipal Employees, Afl-Cio
California Federation Of Teachers
California State Association Of Electrical Workers
California State Pipe Trades Council
Educators For Democratic Schools
Newhall School District
San Francisco Unified School District
Western States Council Sheet Metal, Air, Rail And Transportation
Individuals

Opposition

Able Charter Schools
Ace Charter Schools
Aerostem Academy (Charter School)
Alliance College-Ready Public Schools
Alma Fuerte Public School
Alpha Public Schools
Alta Public Schools
Apex Academy
Aplus+
Aspire Public Schools
Audeo Charter School
Baypoint Preparatory Academy
Bella Mente Montessori Academy
Bright Star Schools
Bullis Charter School
Caliber Schools
California Charter Schools Association
California Connections Academy
California Pacific Charter Schools
Camino Nuevo Charter Academy
Champs Charter High School Of The Arts
Charter Schools Development Center
Chico Country Day School
Chime Institute
Citizens Of The World Charter School
City Charter Schools
Collegiate Charter High School Of Los Angeles
Community School For Creative Education
Core Charter School

Da Vinci Connect
Da Vinci Schools
Desert Trails Preparatory Academy
Ednovate, Inc.
Education For Change
Edvoice
El Sol Science And Arts Academy
Endeavor College Prep
Environmental Charter Schools
Envision Education
Epic Charter School
Escuela Popular
Excelencia Charter Academy
Excelsior Charter Schools
Extera Public Schools
Fenton Charter Public Schools
Forest Charter School
Gabriella Charter Schools
Gateway College And Career Academy
Girls Athletic Leadership Schools Los Angeles
Goals Academy
Granada Hills Charter High School
Green Dot Public Schools California
Grimmway Schools
Grossmont Secondary School
Guajome Schools
Hawking Steam Charter School
Heritage Peak Charter School
High Tech Los Angeles
Icef Public Schools
Ilead California Charter Schools
Inspire Charter Schools
International School For Science And Culture
Isana Academies
Ivy Academia Entrepreneurial Charter School
James Jordan Middle School
John Muir Charter Schools
Julian Charter School
Kairos Public Schools
Kavod Charter School
Kinetic Academy
Kipp Bayview Academy
Kipp Bayview Elementary
Kipp Bridge Academy
Kipp La Public Schools
La Verne Elementary Preparatory Academy
Language Academy Of Sacramento
Larchmont Charter School
Lashon Academy

Leadership Public Schools
Learn4life Assurance Learning Academy
Leonardo Da Vinci Health Sciences Charter School
Libertas College Preparatory Charter School
Lighthouse Community Public Schools
Literacy First Charter Schools
Los Angeles Academy Of Arts And Enterprise
Los Angeles International Charter School
Los Angeles Leadership Academy
Los Feliz Charter School For The Arts
Magnolia Public Schools
Mirus Secondary School
Multicultural Learning Center
Navigator Schools
New Academy Of Sciences And Arts
New Horizons Charter Academy
New Los Angeles Charter Schools
New West Charter
Norton Science And Language Academy
Nova Academy Early College High School
Oakland Unity High School
Odyssey Charter Schools
Olive Grove Charter School
Orange County Academy Of Sciences And Arts
Orange County Educational Arts Academy
Pacific Charter Institute
Pacoima Charter School
Palisades Charter High School
Para Los Ninos
Partnerships To Uplift Communities Schools
Perseverance Prep
Phoenix Charter Academy
Pivot Charter Schools
Plumas Charter School
Puente Charter School
Resolute Academy
Rio Valley Charter School
Rocketship Public Schools
Rocklin Academy Family Of Schools
Samueli Academy
San Diego Cooperative Charter Schools
San Diego Global Vision Academy
San Jose Conservation Corps & Charter School
Santa Rosa Academy
Scholarship Prep Charter School
Shasta Charter Academy
Sherman Thomas Charter School
Silicon Schools Fund
Soar Charter Academy

Soleil Academy
Springs Charter School
St Hope Public Schools
Stem Prep Schools
Summit Leadership Academy High Desert
Summit Public Schools
Sutter Peak Charter Academy
Sweetwater Secondary School
Sycamore Academy Of Science And Cultural Arts
Sycamore Creek Community Charter School
Taylion Academy
Teach Public Schools
The Academies
The Charter School Of San Diego
The Foundation For Hispanic Education
The Preuss School Ucsd
Thrive Public Schools
Twin Ridges Home Study Charter School
University High School
University Preparatory Academy
Urban Discovery Academy
Valley Charter School
Valley View Charter Prep
Village Charter Academy
Visions In Education
Vista Charter Public Schools
Voices College Bound Language Academies
Vox Collegiate Of Los Angeles
Western Sierra Charter Schools
Westlake Charter School
Wish Charter Schools
Yes Charter Academy
Youth Policy Institute Charter Schools
Individuals

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