

California Department of Education

Executive Office

SBE-003 (REV. 11/2017)

lacb-csd-jul24item01

# California State Board of Education July 2024 Agenda Item #09

## Subject

Consideration of Determination of Funding Requests as Required for Nonclassroom-Based Charter Schools Pursuant to California *Education Code* Sections 47612.5 and 47634.2, and Associated *California Code of Regulations*, Title 5.

## Type of Action

Action, Information, Consent

## Summary of the Issue

California *Education Code* (*EC*)sections 47612.5 and 47634.2 established the eligibility requirements for apportionment funding for charter schools that offer nonclassroom-based (NCB) instruction. The statutes specify that a charter school that offers NCB instruction in excess of the amount authorized by *EC* Section 47612.5(e)(1) may receive apportionment funding for NCB instruction only if a determination of funding is made by the California State Board of Education (SBE).

Pursuant to *California Code of Regulations*, Title 5 (5 *CCR*), the California Department of Education (CDE) reviews a charter school’s determination of funding request and presents it for consideration to the Advisory Commission on Charter Schools (ACCS).

This item considers determination of funding requests for nine charter schools.

## Recommendation

The CDE recommends that the SBE approve the determination of funding requests for the nine charter schools at 100 percent for a period of four fiscal years (2024–25 through 2027–28), as detailed in Attachment 1.

## Advisory Commission on Charter Schools Recommendation

At its June 4, 2024, meeting, the ACCS voted to approve the CDE’s recommendation that the SBE approve the determination of funding requests at 100 percent for a period of four fiscal years (2024–25 through 2027–28), as detailed in Attachment 1. The motion passed by a vote of seven to one.

The notice for the June 4, 2024, ACCS meeting and the determination of funding requests for the schools presented in this item are available under Item 01 of the June 2024 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/accsnotice060424.asp>.

## Funding Determination Criteria

*EC* Section 47634.2(a)(1) provides the following:

Notwithstanding any other provision of law, the amount of funding to be allocated to a charter school on the basis of average daily attendance that is generated by pupils engaged in nonclassroom-based instruction…shall be adjusted by the State Board of Education. The State Board of Education shall adopt regulations setting forth criteria for the determination of funding for nonclassroom-based instruction, at a minimum the regulation shall specify that the nonclassroom-based instruction is conducted for the instructional benefit of the pupil and substantially dedicated to that function. In developing these criteria and determining the amount of funding to be allocated to a charter school pursuant to this section, the State Board of Education shall consider, among other factors it deems appropriate, the amount of the charter school’s total budget expended on certificated employee salaries and benefits and on schoolsites, as defined in paragraph (3) of subdivision (d) of Section 47612.5, and the teacher-to-pupil ratio in the school.

*EC* Section 47634.2(a)(4) further states:

For the 2003–04 fiscal year and each fiscal year thereafter, the amount of funding determined by the State Board of Education pursuant to this section shall not be more than 70 percent of the unadjusted amount to which a charter school would otherwise be entitled, unless the State Board of Education determines that a greater or lesser amount is appropriate based on the criteria specified in paragraph (1) of subdivision (a).

Pursuant to *EC* Section 47634.2 and SBE-adopted regulations, a charter school may qualify for 70 percent, 85 percent, or 100 percent funding, or may be denied funding (i.e., 0 percent) for its NCB instruction.

To qualify for a recommendation of 100 percent funding, a charter school must meet the following criteria as outlined in 5 *CCR* Section 11963.4(a)(3):

* Spend at least 40 percent of the charter school’s public revenues on salaries and benefits for all employees who possess a valid teaching certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold issued by the Commission on Teacher Credentialing (and who work in the charter school in a position required to provide direct instruction or direct instructional support to students)
* Spend at least 80 percent of the charter school’s total revenues on instruction and related services
* Maintain a ratio of average daily attendance (ADA) for independent study pupils to full-time certificated employees responsible for independent study that does not exceed a pupil-teacher ratio (PTR) of 25:1 or the PTR of the largest unified school district in the county or counties in which the charter school operates

The expenditure and PTR criteria for all funding levels for which a charter school may qualify to receive for its NCB instruction are specified in 5 *CCR* Section 11963.4(a). A summary of the criteria is provided in the table below:

*Nonclassroom-Based Instruction Funding Levels*

| **Funding Level** | **Percentage Spent on Certificated Salaries and Benefits** | **Percentage Spent on Instruction and Related Services** | **PTR[[1]](#footnote-1)** |
| --- | --- | --- | --- |
| **100%** | ≥ 40 | ≥ 80 | ≤ 25 to 1 |
| **85%** | ≥ 40 | ≥ 70 | Not Applicable |
| **70%** | ≥ 35 | ≥ 60 | Not Applicable |
| **0%** | < 35 | < 60 | Not Applicable |

### Funding Periods

A determination of funding may not exceed five years, pursuant to *EC* Section 47612.5(d)(2). For a new charter school in its first year of operation, a funding determination shall be for a period of two fiscal years, pursuant to 5 *CCR* Section 11963.6(a). For an existing charter school with an active funding determination, a funding determination shall be in increments of a minimum of two years and a maximum of five years in length, pursuant to 5 *CCR* Section 11963.6(c).

Regarding five-year funding periods, *EC* Section 47612.5(d)(2) provides the following:

A charter school that has achieved a rank of six or greater on the Academic Performance Index for the two years immediately prior to receiving a funding determination…shall receive a five-year determination.

Based on the CDE’s interpretation of statute and regulations, the CDE recommends a funding period between two to four years for an existing charter school. Because the Academic Performance Index is no longer calculated, the CDE does not recommend five-year funding determination periods.

The CDE’s recommended funding period for an existing charter school is dependent upon factors such as the number of times the school has renewed its funding determination with the SBE, and the information provided by the school as a part of its determination of funding request. The CDE typically recommends a funding period of three years for a charter school that is renewing its funding determination request with the SBE for the first time and a funding period of four years for subsequent renewals.

## Review of Funding Determination Requests

All charter schools presented in this item meet the regulatory requirements to qualify for 100 percent funding for their NCB instruction, based on reported fiscal year 2022–23 data. Additionally, all charter schools presented in this item have renewed their funding determination with the SBE at least once.

Therefore, the CDE recommends that the SBE approve the determination of funding requests for the nine charter schools at 100 percent for a period of four fiscal years (2024–25 through 2027–28), as detailed in Attachment 1.

If a charter school’s determination of funding request is approved by the SBE, the school will be eligible to receive funding for its ADA generated through NCB instruction, pursuant to *EC* Section 47634.2(c).

## Fiscal Analysis

If the funding determination requests are approved by the SBE, the nine charter schools presented in this item will receive apportionment funding for their NCB ADA under the Local Control Funding Formula model.

## California Department of Education Staff Review

Direct links to each charter school’s determination of funding request are provided below. The requests are also available under Item 01 of the June 2024 ACCS Meeting Agenda web page at <https://www.cde.ca.gov/be/cc/cs/accsnotice060424.asp>.

* Determination of Funding Request from Alder Grove Charter School 2 (Charter #1962) (<https://www.cde.ca.gov/be/cc/cs/documents/accs-jun24item01a2.docx>)
* Determination of Funding Request from California Connections Academy Southern California (Charter #0664) (<https://www.cde.ca.gov/be/cc/cs/documents/accs-jun24item01a3.docx>)
* Determination of Funding Request from Five Keys Independence HS (SF Sheriff's) (Charter #1028) (<https://www.cde.ca.gov/be/cc/cs/documents/accs-jun24item01a4.docx>)
  + Additional Attachment from Five Keys Independence HS (SF Sheriff's) (Charter #1028) (<https://www.cde.ca.gov/be/cc/cs/documents/accs-jun24item01a5.pdf>)
* Determination of Funding Request from Hickman Community Charter (Charter #00D4) (<https://www.cde.ca.gov/be/cc/cs/documents/accs-jun24item01a6.docx>)
* Determination of Funding Request from Independence Charter Academy (Charter #1679) (<https://www.cde.ca.gov/be/cc/cs/documents/accs-jun24item01a7.docx>)
* Determination of Funding Request from Olive Grove Charter - Lompoc (Charter #2012) (<https://www.cde.ca.gov/be/cc/cs/documents/accs-jun24item01a8.docx>)
* Determination of Funding Request from Olive Grove Charter - Orcutt/Santa Maria (Charter #2011) (<https://www.cde.ca.gov/be/cc/cs/documents/accs-jun24item01a9.docx>)
* Determination of Funding Request from Pacific Crest Academy (Charter #0366) (<https://www.cde.ca.gov/be/cc/cs/documents/accs-jun24item01a10.docx>)
* Determination of Funding Request from Suncoast Preparatory Academy (Charter #2025) (<https://www.cde.ca.gov/be/cc/cs/documents/accs-jun24item01a11.docx>)

## Attachment

* **Attachment 1:** Recommendations for Nonclassroom-Based Determination of Funding Requests (1 Page)

1. The PTR criteria outlined in this table pertain only to charter schools submitting funding determination requests for their NCB instruction. All charter schools offering independent study are required to comply with the ADA to certificated-employee ratios outlined in *EC* Section 51745.6. [↑](#footnote-ref-1)