

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.



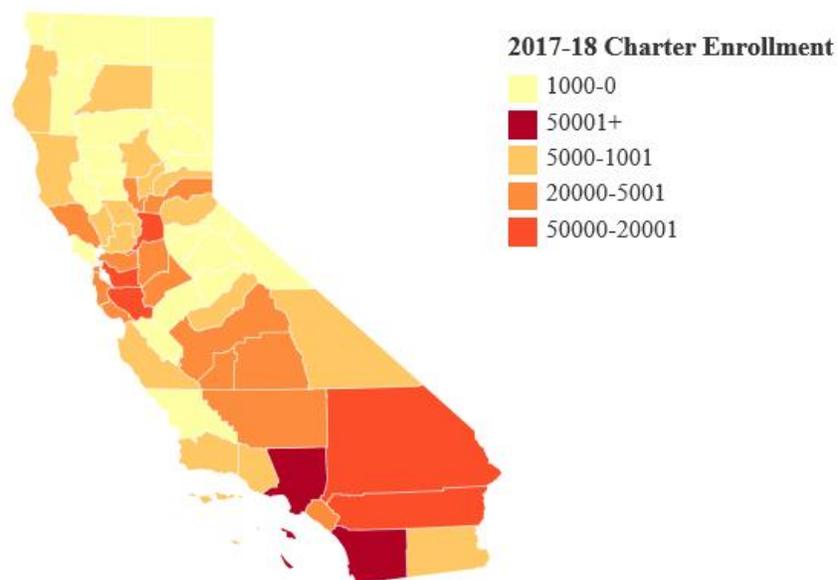
Source: Ricardo Cano CALmatters and California Department of Education

**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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