



Charter School Funding Shifts Again

Just when charter schools thought it was safe to develop a budget, the California Department of Education (CDE) has revised calculations of the charter school general-purpose block grant for both the prior (1999-2000) and current (2000-01) fiscal years. The good news is that the adjustments are minor and generally positive. The bad news is that available funding for the categorical block grant in the current (2000-01) fiscal year is falling short of need, leading to a deficit in charter schools' categorical block grant apportionments. For the upcoming (2001-02) fiscal year, the Governor is proposing changes that would undermine the categorical block grant concept and entangle charter schools in a web of fiscal red tape.

This swirl of changes to prior, current, and future charter school funding levels will make budgeting a challenge for charter schools. This article provides an overview of changes to prior and current year funding rates, an overview of the Governor's proposals for the upcoming fiscal year, and CSDC's projected "crystal ball" funding rates for the upcoming 2001-02 fiscal year.

Charter Funding Model Background

In 1999, budget legislation established a new, direct, and simplified system for funding California's charter schools. This system provides funding to charter schools in two major parts: (1) a general purpose grant and (2) a categorical block grant. In addition, charter schools are eligible for funding from a growing list of other special sources and categorical programs such as the California Lottery, state class size reduction funding, and various federal sources.

The general purpose and categorical block grants fluctuate from year-to-year and are generally designed to mirror the growth in funding for school districts generally. The general-purpose block grant formula is tied to growth in funding for the state general-purpose funding system for school districts. As general purpose funding for school districts increases, so too does charter school funding.

Similarly, the categorical block grant is supposed to grow at the same rate as growth in state spending for categorical programs for school districts. This growth is supposed to "automatically" include growth from newly created categorical funding programs—an important feature intended to ensure that charter schools receive a "fair share" of funding from new

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Designed to Align: The Latest Updates on the State Standards and Assessments

California charter schools are required by law to meet all statewide standards and to conduct all mandated state tests. Over the past six years, California's state standards and assessment system has been in a constant state of transition; charters have been struggling to keep up with the latest state changes and modify their instructional programs accordingly. During this academic year, the state standards and assessments landscape has again been changing.

This article gives a brief history of California's state standards and assessments initiatives and an overview of the latest changes. Those who are new to standards and assessment development may want to read "One Hand Tied: Defining and Measuring Charter School Student Performance" (on the CSDC website under "Resources for Charter Schools"). For those who have been tracking the state standards and assessments evolution for some time, following are the latest updates.

Background

When the California Learning Assessment System (CLAS) test was eliminated in 1994, California was left without a statewide assessment. To fill this void, the California Legislature passed Assembly Bill 265, mandating the development of grade K-12 state content and performance standards and a state matrix test (called the Assessment of Applied Academic Skills) to measure student performance in the four "core" academic areas of English/language arts, math, history/social science, and science. In 1997, Senate Bill 376 mandated another state test called the "Standardized Testing and Reporting" (STAR) program that would yield individual student results and would be aligned to the new state standards over time.

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What Will Proposition 39 Really Provide? CDE Initiates Regulation Drafting Process

Following the passage of last November's Proposition 39 ballot initiative, the California Department of Education (CDE) has begun drafting regulations to define the many key, yet vague terms of the measure. Though dry and arcane on their surface, the regulatory definitions will play a pivotal role in determining what kind of facilities are provided — and at what cost — by school districts to charter schools under the terms of Proposition 39.

Background

Proposition 39, passed last November by ballot initiative, enacted a major revision in state laws governing school facilities. The proposition's major effect is to lower the two-thirds majority vote threshold for local school facilities bonds to a 55-percent majority. In addition, the proposition contains language that will require school districts to provide facilities for charter schools largely "rent free." Specifically, the initiative requires that school districts provide charter schools with "facilities sufficient for the charter school to accommodate all of the charter school's **in-district students in conditions reasonably equivalent** to those in which the students would be accommodated if they were attending other public schools of the district" (emphasis added). The detailed provisions of Proposition 39 were outlined in the October 2000 edition of *Charter Currents* which may be viewed on-line at www.cacharterschools.org under "What's New." The actual text of Proposition 39 can be viewed at: http://Vote2000.ss.ca.gov/VoterGuide/text/text_proposed_law_39.htm.

Many of the terms in Proposition 39 are quite vague. The proposition calls for the CDE to draft and for the State Board of Education to adopt regulations to define

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State Board Steps Up to Charter-Granting Plate

Before an overflowing crowd at its December 2000 meeting, California's State Board of Education voted to approve its first two charter school petitions, finally and tentatively stepping into a role defined for it by legislation now two years old. The new schools-to-be are Ridgecrest Charter School and the Oakland Military Institute (OMI), both denied twice at the local level and presented to the State Board in the charter appeal process created by 1998's Assembly Bill 544. The granting came under strong political pressure from Governor Davis, who personally testified on behalf of OMI, as well as from Oakland Mayor Jerry Brown, who is backing the OMI proposal, and Reed Hastings, charter advocate and State Board President. This article provides an overview of and update on the State Board's emerging role as a charter-granting agency.

Background

Prior to 1999, charter school developers whose charters were denied at the local level had limited options for appeal.

The original Charter Schools Act included a very cumbersome, three-stage "appeal" process. Petitioners whose charters were denied by a local school district had to demonstrate to a county-level panel consisting of local school district representatives and teachers that the district had denied the charter on "arbitrary" or "inappropriate" grounds. In practice, the burden was nearly impossible, with only one successful appeal in six years.

Assembly Bill 544 changed all that, at least on paper, creating a new appeal process in which petitioners denied by a local school district may appeal directly to *either* the county *or* state board of education. The new law also changed the charter review criteria, generally compelling a charter to be granted unless a charter-granting board makes written, factual findings to support legally-specified reasons for denial.

History of Denials

While several county appeals have been effective to date, the State Board has shown great reluctance to implement its charter-granting responsibilities mandated by law, until now. Prior to recent months, staff to the State Board and California Department of Education (CDE) quietly but clearly communicated that charter appeals were not likely to succeed and that the Board and CDE lacked the staff and resources to implement a charter review and monitoring process. As State Superintendent Eastin told the board, "It is a difficult problem for the Department because it has no funding for staff to work

Words of Wisdom for Charter-Granting Agencies

Scott Hamilton, former Associate Commissioner for Charter Schools at the Massachusetts Department of Education, offered sage advice to the California State Board of Education on charter granting and monitoring during its January meeting. In Massachusetts, all charters are granted at the state level, not by local school districts or counties as in California. Hamilton played the central role in establishing the Massachusetts Department's highly regarded processes for reviewing charter applications and monitoring the performance of charter schools according to high standards. Massachusetts' models have been emulated by charter-granting agencies across the nation. Hamilton currently directs the Pisces Foundation and KIPP Foundation, where he works to support education reform activities. Hamilton's advice to the California State

on charters. We do not have the staff to do oversight. If the Board wants us to play this role, we need more funding.”

Subsequent to the passage of AB 544, the Board denied several charter proposals, including:

- Sunnyvale Intensive Learning Center Charter School (SILCN), whose charter was denied by the Sunnyvale School District, appeared before the Board in July of 1999. The Board denied the charter because it lacked reasonably comprehensive descriptions of many of the required charter elements. Since the school’s developers failed to attend their public hearing, the allegedly thinly drafted charter proved an easy denial for the Board.
- California Hope Charter Academy (CHCA), which went before the State Board in March 2000. Previously, the Riverside County Office of Education (RCOE) had denied this more carefully drafted petition on the basis of an unsound educational program and less than comprehensive descriptions of several charter elements. CDE staff raised similar concerns. The charter developers submitted hundreds of pages of information addressing concerns raised, but the Board voted to defer further action on the petition until a later meeting. Prior to that subsequent meeting, the petitioners opted to withdraw the petition, presumably anticipating denial. The group eventually secured approval from the Corona-Norco School District, but has since run into a crippling fight with county office and district officials over attendance accounting matters and is fighting revocation and insolvency.
- Blue Mountain Wilderness Program (BMWP), which first appeared before the Board at its October 2000 meeting. BMWP offered an alternative approach intended for adjudicated youth with initial plans to serve only six students in a group home setting. Prior to its appeal to the state, Calaveras, Alpine, and Alameda counties denied BMWP. The petitioners revised their charter after these denials at the county level. The CDE, however, reviewed the original petition and recommended denial based on an array of concerns, including special education, curriculum,

Board comes at a time when it is struggling to implement and define its own charter-granting and oversight responsibilities. He offered the following four major suggestions and encouraged the State Board to move forward.

1. Grant Charters with Care

Hamilton emphasized that the state board should “take great care in the granting of a charter.” Quoting Arizona’s State Superintendent for Public Instruction, Lisa Graham Keegan, he said, “the best monitoring program is a strenuous application process. No matter what information is available about underperformance, or how below capacity a school’s enrollment has become, it will always be harder to take away a charter than to not grant one in the first place, especially at the state level.”

2. Enter into Early, Written Accountability Agreements

Hamilton also advised that charter schools and their granting agencies should agree as early as possible regarding the key terms of their accountability relationship. These should be defined “in the form of a written agreement or contract and describe the objectives against which a school will be held accountable, the measures to be used to gauge the degree to which the objectives have been met, and the basis by which the sponsor agency will make decisions about the renewal of the school’s charter.”

3. Gather Annual Reports and Conduct Annual Site Visits

Massachusetts requires all charter schools to submit a detailed annual performance report

governance, and financial concerns. The Board, despite a legal mandate to either grant or deny the charter, was unable to summon a majority vote to act, so took no action. Board members did, however, express strong verbal support for the proposal. One board member was reportedly so impressed that he offered a financial contribution to the group to support their efforts.

Though these three petitions were arguably problematic, the Board and CDE clearly lacked any clear criteria or process for reviewing charter proposals. Likewise, had they approved any charters, the Board also lacked a clear criteria and process for monitoring the performance of their charters. Legislation enacted in 1999 (AB 2659) requires the Board to develop charter-granting criteria in the form of regulations by June 2001. This legislation, combined with encouragement from President Reed Hastings, appears to be prodding the Board, its staff, and the CDE into action, both in terms of granting charters and developing a process for monitoring their performance.

New Approvals

Ridgecrest Charter School

Petitioners for the Ridgecrest Charter School originally presented their petition to the governing board of Sierra Sands Unified School District late in the winter of 1999. The impetus for this charter school was the closure of an existing district school due to declining enrollment. Parents who supported this school's "back to basics" curriculum tried to persuade the district to keep it open, but the district apparently felt this was not fiscally feasible and proceeded to close the school. Sierra Sands denied the charter school proposal, citing a laundry list of findings with the charter petition.

Sensing that the Kern County Board, which shared several members with the district board, would be no more charter-friendly, the Ridgecrest petitioners contacted the CDE about a state-level appeal. According to Pam Lochhead, one of the Ridgecrest petitioners, CDE staff were exceptionally friendly and supportive from the outset. However this was before the State Board had seriously engaged the question of how it might oversee charter schools, and the CDE had no process to

containing a broad range of performance data. In addition to these written reports, Hamilton encouraged the board to incorporate an annual site visit into its school monitoring process. According to Hamilton, charter-granting agencies "should conduct brief site visits of charter schools on an annual basis...that would corroborate and augment the test results, financial audits, and other information they provided on an ongoing basis." He noted that such visits had multiple benefits, including "to give the schools much-needed external feedback and, where necessary, to give schools adequate official notice of problems that, left unaddressed, will likely result in the non-renewal or revocation of a charter."

4. Don't Get Too Close to a Charter School Fire

According to Hamilton, charter-granting agencies should avoid the temptation to resolve or "fix" problems in troubled charter schools. He stated that charter-granting agencies "should resist getting involved at all costs. The more the authorizer departs from identifying problems to getting involved in their solution, the more responsible the authorizer is for the outcome. You are in a stronger position to take strong action against a failing school if you are not entangled in its failure."

Just Do It...But Do It Well

In addition to these four key points, Hamilton strongly encouraged the State Board to actively implement its charter-granting and oversight responsibilities. State Board members and State Superintendent Delaine Eastin have expressed concern regarding a lack of staff and funding to

support their encouragement. According to Lochhead, “We had the sense once we got to the state that they wanted to make it happen; they just weren’t sure how it was going to happen.” The group decided to back off of its state appeal effort and worked for another year at the local level, leading to a second denial. The group then formally appealed to the state, submitting volumes of support material, including a detailed analysis of the alignment of their proposed Core Knowledge curriculum with California State Standards. Board member Reed Hastings and others prodded the process, which ultimately led to Board approval of the charter at the December 2000 meeting.

The Oakland Military Academy

Preceding Ridgecrest on the Board’s December 2000 agenda was the Oakland Military Institute (OMI). OMI is the second of two charter school proposals from the office of Oakland’s Mayor Jerry Brown. The Mayor’s previous proposal, a performing arts high school, was approved by the Oakland Unified School District (OUSD) last spring. However, OMI’s military theme proved too controversial for approval by the OUSD board, which denied the petition in June 2000 despite recommendation for approval by district staff. OMI petitioners appealed to the Alameda County Office of Education (ACOE) and were again denied by the board despite approval recommendations from ACOE staff. This past December, with strong political backing from the Governor (who appoints State Board members), other political heavyweights such as Senator Dianne Feinstein, and Mayor Brown (who previously served as Governor, with Gray Davis as his chief of staff), the OMI proposal broke the state charter appeal logjam and was approved.

A Tight Sieve

While both the Ridgecrest and OMI charters were ultimately granted, the petitioners were asked to jump through several hoops by the CDE before their proposals would be considered by the SBE. Both proposals, for example, were nearly derailed when the petitioners were asked to prove that their not-yet-chartered schools had already been accepted into a SELPA – a difficult task, given that the “fit” of charter schools granted by the State Board into the state special education system remains an unresolved issue.

perform charter-granting and monitoring functions. Hamilton emphasized that “granting charters at the state level in California is doable and worth doing.” He also noted that “granting charters and holding them accountable doesn’t have to be time-consuming for you or require you to have dozens of staff people...Because charter oversight should focus on results rather than compliance or inputs, it is less burdensome than many other programs.”

Hamilton also advised the Board to “delegate the work to staff whose judgment you can trust; arrange for them a good measure of independence from the other programs in the Department of Education.” Hamilton’s former office, though legally an arm of the Massachusetts Department of Education, is physically located in a separate building from other department staff, and Hamilton enjoyed a direct reporting relationship to the State Commissioner. In California, by contrast, the state’s Charter Schools Office is buried, layers deep, in an obscure outpost in the Department of Education bureaucracy in a conglomerate unit that also attends to school district mergers and school bus driver training.

Finally, Hamilton admonished the board to “take your responsibility for accountability seriously. Most charter authorizers have not yet done well in fulfilling their responsibility.” Many policymakers, practitioners, and researchers have been critical of California’s charter legislation, which places charter-granting and oversight functions primarily at the local school district level. Although local control of education reform sounds enticing

We Granted a Charter...Now What Do We Do?

Much work remains to be done. The Board still lacks both criteria for assessing charter petitions and a formal charter-granting process, and is struggling to develop a capacity to monitor the performance of the two charters it has granted. CDE and Board staff have completed several drafts of charter review criteria, but charter advocates have expressed concern that the Board's criteria may go far beyond what is required in charter school law, in effect setting the charter approval bar artificially high.

If the draft criteria are adopted in their current form, petitioners can expect a thorough review of their proposal. This review would include a detailed analysis not only of the 15 required charter elements, but also of associated school design plans, budgets, bylaws, and other back-up materials. Some of the additional requirements that may be asked of charter schools seeking to be approved by the state may include having to use state-adopted textbooks and incorporating the Academic Performance Index (API) into the school's assessment system. Charter school developers who are planning to appeal to the state should closely monitor these draft charter review criteria. Even those not planning on appealing to the state should pay attention to the criteria as they are being developed in case they trickle down as a model to local charter-granting agencies.

Efforts to develop a monitoring capacity appear to be moving more slowly. As a first tactic, the CDE solicited school districts and county offices to perform oversight on the Board's behalf. No takers have been identified to date, presumably due to the technical and logistical challenges and concerns regarding liability for serving special education students. Current discussions seem to indicate that the Board will either contract with a third-party entity or rely on in-house CDE and/or SBE staff to perform monitoring and oversight functions. Board staff have developed a draft set of documents that outline a proposed charter monitoring process, detailing the scope and timing of specific oversight functions. The drafts call for an annual cycle of oversight activities, including site visits to the school (twice annually or more), a written annual report from the school, and frequent "check-ins"

in theory, in reality, many charter-granting districts have been unable or unwilling to adequately monitor their charter schools. Hamilton termed poor performance monitoring "the great unfulfilled promise of the charter reform movement."

CSDC would like to thank Scott Hamilton for sharing his remarks. CSDC's "Charter-Granting Agencies Accountability Tool Kit" is now available in its fifth California edition and in a new national edition. These hefty binders contain sample materials and documents culled from Massachusetts and many other states. Sample documents include charter review rubrics, charter review process documents, sample accountability and operational agreements, annual report guidelines, site visitation protocols, and other helpful materials. See the CSDC web site for information on how to order these publications.

—Eric Premack

between the oversight agent and the school via phone or e-mail, as well as other activities. These monitoring efforts would focus on the soundness of the school's governance, management, financial, instructional, and administrative performance.

Though perhaps two years behind schedule, the State Board does appear to be developing a capacity to grant and monitor charter schools. Whether the bar will remain so high as to allow only a small number of charters or be relaxed to allow for significant numbers remains to be seen. Their extremely prescriptive initial review criteria may prove to be prohibitive. Nonetheless, in a few months of focused work the Board appears to have developed more thoughtful and thorough review criteria and oversight processes than all but a handful of districts and county offices in California.

—Jeff Petty and Eric Premack

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state programs, but without the related paperwork and restrictive “red tape.” Unfortunately, Governor Davis is apparently proposing to not only exclude several new categorical programs from this “automatic” inclusion in the block grant, but also to remove two existing programs.

CDE Adjusts Charter Block Grant Rates

Prior Year (1999-2000) Recalculations

Though the 1999-2000 fiscal year books closed months ago, the funding rates are still subject to change. CDE has revised its calculations for the general-purpose block grant for the 1999-2000 fiscal year and has made these adjustments on charter schools’ February 2001 apportionment. All charter schools experienced small declines ranging from \$5 to \$8 per ADA (see table below) and adjustments due to actual versus projected property tax receipts. In addition, a handful of schools experienced reductions in funding because they operated for fewer than the mandated 175 days or revised their reported average daily attendance (ADA) figures.

Current estimated funding rates for the 1999-2000 fiscal year are displayed in the table below. Funding rates for the 1999-2000 categorical block grant remain unchanged and, barring unforeseen legislative changes, should not be subject to additional changes. Schools who served

economically disadvantaged students and English language learners received an additional \$91 per eligible student in addition to the amounts shown below. Because this was down from the previous estimate of \$92, the February 2001 apportionment for these schools reflected a \$1 per student decrease.

Will these 1999-2000 Rates be Subject to Further Adjustments?

The laws establishing the block grant system are a bit unclear. It appears that the categorical block grant figures will not be adjusted, but that the general-purpose portion may be subject to additional changes, because the statewide general-purpose funding figures on which the block grant is based are subject to change again later this spring. The good news is that any further adjustments are likely to be very minor in nature.

Current Year (2000-01) Recalculations and Deficit

The CDE has also recalculated current year (2000-01) figures for the general-purpose portion of the charter school block grant. These revisions are positive relative to CSDC’s estimates from last August, with increases ranging from \$21 to \$34 per ADA as shown in the table below.

Though this slight increase is welcome, concern is mounting relative to an unforeseen shortfall in funding for the categorical block grant. The 2000-01 state budget legislation appropriated \$22 million to fund the estimated costs of the charter school categorical block grant. Due to unexpectedly high growth in the number of charter school students, \$22 million will not fully fund charter schools’ categorical block grant entitlements. The CDE has therefore levied a 15.8 % deficit to the 2000-01 categorical block grant funding starting with the February apportionment.

The laws establishing the block grant state that “it is the intent of the Legislature to fully fund the categorical block grant and to appropriate additional funding that may be needed in order to compensate for unanticipated increases in average daily attendance in charter schools.” Whether and when additional funds will be appropriated to fund the deficit is currently unknown. Based on the language of the block grant legislation and the state’s currently flush budget, funding of the deficit would seem

Revised Estimated 1999-2000 Charter School Block Grant Rates*				
Grade Level	K-3	4-6	7-8	9-12
General Purpose (Revenue Limit)	\$3,811	\$3,862	\$3,970	\$4,608
Categorical Block Grant	\$317	\$324	\$237	\$301
Totals	\$4,128	\$4,186	\$4,207	\$4,909
Decrease From Prior Estimate	(\$5)	(\$6)	(\$7)	(\$8)

*CAUTION: These 1999-2000 rates remain subject to change, though any further changes are likely to be minor

likely. If additional funds are appropriated, however, it may not happen for some months to come—perhaps well after the close of the current fiscal year. Charter schools should factor a potential loss or delay of funding into their budget and cash flow projections. This deficit will not affect the general-purpose portion of the block grant.

Revised Estimated 2000-01 Charter School Block Grant Rates*				
Grade Level	K-3	4-6	7-8	9-12
General Purpose (Revenue Limit)	\$4,239	\$4,298	\$4,424	\$5,134
Categorical Block Grant **	\$328	\$338	\$246	\$313
Totals	\$4,567	\$4,636	\$4,670	\$5,447
Increase From Prior Estimate	\$21	\$23	\$30	\$34

*CAUTION: These rates are based on First Principal Apportionment ("P-1") data and are subject to further revision.

**Categorical block grant entitlements are currently subject to a 15.8 percent deficit. The figures shown here do not reflect this deficit and assume that the deficit is ultimately funded.

Charter schools may want to ask their county office of education to supply them with copies of detailed schedules prepared by the CDE to ensure that the school's revenue estimates are in accord with the CDE's calculations.

Governor's Proposals would Shortchange Charters in Next Year's Budget

Governor Davis unveiled a proposed state budget for the upcoming 2001-02 fiscal year during his State of the State address on January 10. Davis' proposed budget for the 2001-02 fiscal year would provide a substantial, 7.2 percent (\$3.2 billion) increase in statewide K-12 per-pupil funding. Much of the increase, however, would be dedicated to funding statewide enrollment growth (\$462 million) and a 3.91 percent cost-of-living adjustment (\$1.4 billion) for most programs. The remaining \$1.3 billion increase would be spent on a laundry list of new, restricted categorical programs.

How much of this additional funding would appear in

charter schools' budgets remains to be seen. Though the proposed budget calls for a major increase in per-pupil funding, the Governor is proposing to pull two existing programs out of the categorical block grant (the K-4 Reading Materials and Immediate Intervention/ Underperforming Schools programs). Worse yet, the Governor also proposes to exclude virtually all of the new funding programs from the categorical block grant in the upcoming year—a significant challenge to the goal of providing equitable and simplified funding to charter schools.

Whether the Governor's proposals will be adopted is unclear at this early point in the state budget development cycle. The Governor's January budget proposals signal the opening round on establishing the state's budget for the upcoming 2001-02 fiscal year. In March and April, legislative budget committees will debate the Governor's proposals in depth. In May, the Governor will propose revisions to his budget based on updated state revenue and caseload data in the annual "May Revision." June should bring a final round of negotiations between the Legislature and Governor and ultimately an approved budget. Given this lengthy process, it is unlikely that firm revenue estimates for the upcoming fiscal year will be available until May at the earliest—and perhaps not until significantly later.

In the meantime, charter schools should probably budget conservatively, ignoring the 7.2 percent figures generally cited in the media, because charter schools could end up on the short end of the budgetary stick. Instead, charter schools may want to plan on a more modest 3.91 percent increase in funding rates based on the current cost-of-living adjustment estimate and hope that the Governor's proposal to cut the categorical block grant is not adopted. The following table shows what the charter school funding model would provide based on a simple 3.91 percent cost-of-living adjustment. Though we believe these are conservative estimates, they are still, at best, rough "guesstimates." The categorical block grant is especially difficult to estimate due to the unknown effect of the Governor's proposals to remove programs from the block grant.

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FAQs

(Frequently Asked Questions)

Q: *Can my charter be granted by one district and my charter school located in another?*

A: Yes. In fact, several charter schools operate in a district that did not grant them their charter. Though not wildly popular among charter-granting agencies where the schools are actually located, there is nothing in the law that forbids charter schools from doing so.

Under Education Code section 47605 of the Charter Schools Act, any individual or group of individuals seeking to establish a charter school must apply to a school district or county office of education. However, there is no legal language stating that a school must operate in the same district or county in which it is established. Moreover, on February 25, 1998, Attorney General Daniel E. Lungren declared that it is legal for a charter school to be granted by one district and operated in another, stating “A school district has the authority to establish a charter school within the geographical and attendance boundaries of another school district.”

Lungren based his decision on Education Code sections 47601 and 47610. Section 47601 states that the intent of the Charter Schools Act is to provide opportunities for teachers, parents, pupils, and community members “to establish and maintain schools that operate independently from the existing school district structure” in order to improve student learning. Section 47610 states that a charter school is to be held accountable only for those provisions set forth in its charter petition and is “otherwise exempt from the laws governing school districts.” Furthermore, Lungren concluded that a charter school located outside of the charter-granting

agency’s boundaries does not have to be located in an adjacent district, and that a school district is not liable for a charter school within its boundaries that it has not granted. To view the entire legal opinion, visit <http://caag.state.ca.us/opinions/97-1001.htm>

While the Charter Schools Act and the Attorney General’s opinion support the idea that charter schools may operate outside the boundaries of their charter-granting agencies, there are some that oppose this concept. In 1999, a bill almost passed that would have eliminated this possibility altogether. Assembly Bill 696 originally contained language added to Education Code section 47605 that would require a petitioning group seeking to operate a school outside of the charter-granting agencies’ boundaries to have consent from the district where the school would be located. Ultimately, a revised version of Assembly Bill 696 did pass, but with completely new language not pertaining to out-of-district chartering, leaving charter schools still free to be established by one district and operated in another.

While operating a charter school outside of the charter-granting agency’s boundaries is legally permissible, it is sometimes tricky to do in practice. Primary concerns voiced by opponents are oversight and accountability. They worry that it may be difficult for a charter-granting agency located far from a charter school to properly oversee the school, ensuring it has an effective educational program, its fiscal and other operations are sound, it is following its charter and it is complying with all applicable laws. Although these are legitimate concerns, other states with charter schools have established strong long-distance monitoring and oversight procedures. For example, some of the strongest oversight and accountability practices come from Massachusetts, which has one central office in Boston that grants and oversees

all charter schools across the state. (See “Words of Wisdom” in this issue for more information on Massachusetts’ accountability practices.)

Another difficult implementation issue for charter schools that are not located in the district or county that granted them is special education. Charter schools located within the boundaries of their granting district or county are often able to contract with the district or county to receive special education services. Special education staff hired by the district travel to or work in the charter school, or the charter school may send its special education students to a designated district location for services or classes. However, for those charter schools that are located far away from the granting district or county, receiving special education services from their grantor can be difficult.

In order to serve their special education students, long-distance charter schools must devise creative solutions. Some schools prefer to provide special education services in-house, by hiring their own staff and offering their own school-site services. Depending upon the school’s budget and the number and nature of special education students, this solution can be costly. Still others have contracted with private, for-profit, non-district special education providers. A charter school located outside of its granting district or county could also contract with the local district or county where the school is located for special education services.

One group in California, the Twin Ridges Elementary School District, is on the forefront of testing out-of-district chartering. The fourth largest chartering agency in California, only two of its 13 charter schools are actually located within its district in Nevada County. With charter schools as far away as Ukiah, Twin Ridges is currently developing methods to do long-distance oversight, and to do it well. At the same time, they are looking for effective solutions for the challenges posed by special education for long-distance chartering. (See the “Spotlight on Innovation” article in this issue for more

information on the Twin Ridges district.)

Thus, while distance certainly raises the possibility of poor accountability and weak special education services, it in no way necessitates them. There are models in California and other states of effective out-of-district chartering. Charter school developers who have charter-unfriendly local districts should not be afraid to seek approval elsewhere. It is within the law, and depending on the charter-granting agency, it may even be a better option.

—Sarah Melvoin

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Estimated 2001-02 Charter School Funding Model Rates*				
Grade Level	K-3	4-6	7-8	9-12
General Purpose (Revenue Limit)	\$4,405	\$4,466	\$4,597	\$5,335
Categorical Block Grant	\$341	\$351	\$256	\$325
Totals	\$ 4,746	\$ 4,817	\$ 4,853	\$5,660

*CAUTION: These rough preliminary estimates are subject to change.

Conclusion

As complicated as the charter school funding model seems now, it may get even more complicated if the Governor forces charter funding away from the consolidated block grant and more toward separate categorical programs. Charter school developers and operators should keep their ears to the ground for any future legislative changes to charter school funding. In addition, they should stay abreast of all CDE changes to charter school funding estimates throughout each fiscal year and adjust their school budgets accordingly. For future updates on charter school funding, see the CSDC web site under “What’s New.”

—Eric Premack

Twin Ridges Charter School Cooperative

Imagine a district where schools are organized as a cooperative, pooling administrative funds and setting policy for the district together. Imagine public schools that have the freedom to implement the educational programs they deem best and to control their own budget, faculty and policy decisions, while the district supports their administrative needs and ensures that the students are learning. In Twin Ridges, a rural community in Nevada County, Superintendent Dave Taylor and his staff are pioneering just such a district model. The Twin Ridges charter school cooperative is designed to provide its 13 charter and 3 traditional schools with as much autonomy as possible while still giving them the benefits of a shared central administrative staff and resources.

“Our goal is to turn the traditional school district inside out,” says Taylor, a 26-year veteran of California school districts and in his 4th year as superintendent of Twin Ridges. Unlike traditional districts, the Twin Ridges district staff does not dictate educational programs or most school policies. In a message to the district, Taylor writes that they are trying to create a district “that responds to the needs of our schools while leaving policy and educational decisions to the families and Charter Councils of each individual school.” Here, the district staff function as a “service center” whose role is to interpret policy, ensure compliance with external mandates, streamline “administrivia,” and facilitate communication among the schools. District-wide policy is guided by the Charter Coordinating Council (CCC), an advisory council that includes representatives from every school in the district, which sets priorities for the district in cooperation with the service center staff.

SPOTLIGHT ON INNOVATION

History of the Charter Movement in Twin Ridges

Twin Ridges Elementary School District (TRESA) began sponsoring charters in 1993, when it sponsored the conversion of their longstanding Home Study Program into charter status. Soon after, the Yuba River Charter School and the Nevada City School of the Arts opened in a neighboring district, chartered by TRESA. The success of these early schools prompted other charter school developers, who were being turned down by their local districts, to begin turning to Twin Ridges. Taylor was receptive to the charters, recognizing the increased resources that expanding enrollment would provide to local students, as well as the chance to give life to schools whose mission he supported.

Now the third largest chartering agency in the state, after Los Angeles and San Diego Unified School Districts, TRESA includes 13 charter schools spread over all of northern California, stretching as far west as Mendocino County. Only two of the TRESA charters are actually within the twin ridges district borders. TRESA also includes three traditional schools located on San Juan Ridge, the geographic home of the district. The charter schools are small, serving from 5 students at the Forest School, an alternative program for special needs students, to 250 students, for the K-8 Yuba River Charter School. While Twin Ridges may be best known for its Waldorf-method schools, the district sponsors schools with a range of approaches, including Montessori, an arts-based program, and “community” and “exploration” schools, each with its own philosophy of child development and education.

The Co-op Model

Every charter school sponsored by Twin Ridges contributes 15% of its revenue (10% under the new

block grant funding system) to the district. In return, the district centralizes accounts receivable and payable, purchases liability insurance for the schools, helps to raise money for facilities, manages payroll and personnel administration (although schools themselves have control over who is hired), interprets state mandates, negotiates health and other benefits on behalf of the entire district, distributes SELPA funds, and works with the schools on issues of accountability, analyzing performance data and making recommendations to the schools about areas that need improvement. While the superintendent has ultimate responsibility for deciding how the funds are spent, the schools themselves participate in priority setting for the district through the CCC. The emphasis, according to George Hoffecker, Director of Charter Services, is on a collaborative, participatory form of self-governance, in which centralized business services are balanced with autonomous, site-based school governance.

District service center staff includes 15 people, with expertise ranging from fiscal management to special education and technology – a far more comprehensive central staff than could have existed for the 130 students in the local San Juan Ridge schools. Thus, the central staff are able to better serve the local schools, while at the same time supporting an expanding network of small charter schools.

In addition, the co-op model allows participating charter schools to share financial burdens and risks, such as liability, legal counsel, special education, and start-up costs. In the event of a financial crisis, such as decreased enrollment or a lawsuit, the co-op is able to ease the burden on that particular school. According to Taylor, the schools themselves will decide on the degree of support the co-op is willing to provide the school. At the moment, for example, the co-op stands ready to help one of its oldest members, the Yuba River Charter School, as it faces a lawsuit aimed at its Waldorf-method pedagogy.

Any excess funds that the district receives over and above those needed for administrative support are pooled; the CCC decides how much of this excess should be set aside for emergencies, and how much should be returned

directly to the schools. Part of the CCC's job is to explore the degree to which the schools want or can afford to be financially independent or interdependent and to guide district policy accordingly. Special education and liability costs, although not currently shared among the TRESA schools to a great extent, may be increasingly shared as enrollment increases.

Exactly what role the CCC will play in this model is an evolving question and one that Taylor, Hoffecker, and the school leaders are considering carefully. "For the past two years," says Hoffecker, "it's been a kind of dance between too much control on the one hand, and too much autonomy on the other. The cooperative's role is how to define this dance." At first, the CCC was merely a forum for the schools to meet, provide support for one another, and get information from the district staff. Now, however, as most of the charters move out of start-up phase and have more time to devote to district governance, the CCC is redefining itself. A steering committee has been formed to gather issues from the schools, examine them in the light of district-level fiscal considerations, and set priorities for the district. Once ratified by the CCC, these priorities will provide guidance for the service center in its efforts to serve the entire TRESA community.

Many Miles on the Odometer

One question often asked of Twin Ridges concerns the issue of long-distance chartering: How can one district effectively oversee schools spread over such a large geographic area? According to Taylor, the district addresses the challenges of long-distance chartering in several ways. First, they travel a lot. Donna Robinson, Director of Special Programs, and Hoffecker visit each school at least once a week. Taylor is there once a month. While it is a lot of driving, as Taylor points out, the three hours they drive to the furthest school "is not much more than the distance across Los Angeles."

In addition, the district has invested in an intranet system and is working to expand its use throughout the district, connecting schools to each other and to the service center via email and on-line information sharing. Using the

system, all district members are looking for ways to become more efficient, seeking to gather information electronically and via the phone before the steering committee or the CCC meets in a central location. Data and preferences about health insurance needs, for example, might be gathered via a survey before the steering committee analyzes the issue and makes a recommendation to the CCC.

It is worth noting, too, that in states like Massachusetts, which is looked to by many as a model of how to monitor and oversee charter schools, there is one central office that acts as the sole chartering agency and oversees every charter school, often from across the state. (See the “Frequently Asked Questions” section of this issue for more information about long-distance chartering.)

Looking Forward

TRESA leaders are aware that they are charting new territory and accordingly, they are proceeding with a degree of self-reflection not often seen in the day-to-day operations of a school district. Drawing on innovative models of organizational management, Hoffecker and Taylor see their work in the light of school reform on a larger scale. Realizing that the schools themselves simply do not have the time to document and publicize their work, the district has taken on the role of outside advocate, sharing what they are learning, working for charter schools on the state level, and forming alliances with other organizations interested in school reform. “If we can blend innovation with entrepreneurial marketing, then it’s true that we can bring educational reframing into the state,” says Hoffecker.

As the district enters its 9th year as a chartering agency, and enrollment climbs to over 1300 students, this small, rural district is indeed becoming a model of district reform worthy of examination. As other charter schools and districts look to Twin Ridges, however, they should keep in mind questions of scale and suitability. For example, many of the schools chartered by Twin Ridges are based on collaborative models of governance. Would this model of district collaboration work if school and

district leaders did not have such extensive background in collaborative leadership? Would it work in a larger district, where the CCC could not fit around one conference table? How would a more striking diversity of school populations affect the spirit of collaboration that underlies much of what happens in Twin Ridges? Yet the potential advantages make the exploration of these issues worthwhile.

In addition to the reforms that TRESA is currently pioneering, exciting, additional benefits of a co-op model have yet to be tried. Perhaps a co-op of charter schools could form its own SELPA, taking control of its own special education funds. Perhaps a co-op could purchase facilities together, sharing the costs of overhead. If a district or other association of charter schools is willing to wrestle with the balance between autonomy and centralization, powerful solutions to some of the most common problems of charter schools become infinitely possible.

As they work on both day-to-day challenges and long-term issues, the stakeholders of the Twin Ridges district are experimenting with a new way to govern schools – or more precisely, for schools to govern themselves – that resonates with the intent of the charter movement. While most charter schools are created with a strong desire for programmatic freedom, many are now struggling with administrative and fiscal burdens once shouldered by the district. Twin Ridges is attempting to answer both of these needs. In so doing, the parents, district staff, school leaders and superintendent of Twin Ridges Elementary School District are paving the way for others to re-examine their own models of district governance and perhaps to forge more responsive systems that meet the needs of a new generation of public schools.

If you are interested in learning more about the Twin Ridges Elementary School District, see their web site at www.twinridges.org. From there, you can find contact information for each school, as well as for the service center staff.

—Jennifer Feller

New Law Concerning Waivers for Charter Schools

Among the many new pieces of legislation affecting charter schools passed in the 2000 session was a small but potentially useful change in waiver laws. Sponsored by Senator Chuck Poochigian (R-Fresno) the new law (Education Code 33054) allows charter schools to apply directly to the State Board of Education (SBE) for a legal waiver, rather than relying on their charter-granting agencies to apply for them.

The Not-So-Mega “Mega-Waiver”

Charter schools are already exempted from most of the laws governing public school districts in California; the “mega waiver” contained in the original California charter school legislation (Education Code 47610) states that charter schools are exempt from all but a few selected laws¹. However, since the mega-waiver was enacted in 1992, additional laws specifically governing charter schools have been added to the Education Code. Thus, while charter schools are still exempt from most laws that govern “regular” public schools, they *are* subject to laws contained in the Education Code that now specifically apply to charters.

Until now, charter schools wishing to be exempted from one of these laws had to ask their districts to apply for a waiver from the SBE on their behalf. The district, if it was cooperative and supportive, would hold the requisite public hearing, then apply for the waiver on the charter school’s behalf. Many districts were uncomfortable with this process or otherwise reluctant to engage in it. With this legislation, if a district does not process the waiver request within 90 days, the charter school may do so itself, notify the district that it has done so, then apply directly to the SBE for the waiver (see box below for details on how to apply).

When is a Waiver Required?

It is important to understand that charter schools are not

required to apply for waivers unless they would like to be exempted from a law in the Education Code that *actually* applies to charters. In other words, since charter schools are already exempted from most regulations governing “regular” public schools, there is no reason to apply for a waiver from those regulations. The new legislation simply makes the process of applying for a waiver more direct; it does not affect the laws for which a waiver is required, nor does it eliminate the “mega waiver” provision in charter school law.

To date, only a few charter schools have applied for waivers through their charter-granting district. These have included year round, multi-track schools that have applied for waivers for the 175-day school year requirement to enable the shorter calendars used under some multi-track calendars

It is not always clear whether a certain law applies to charter schools or not. Indeed, many an attorney has puzzled over the contradictions embedded in the complex Education Code with regard to charter schools. Some charter schools, for example, have applied for waivers to allow them to offer multiple attendance “tracks” within a given school year. Whether such waivers are necessary, however, remains a matter of dispute since charter school laws do not clearly address the issue.

Weighing the Waiver Option

So, you may be asking yourself, should our school apply for a waiver whenever we are in doubt about the applicability of a certain regulation to our school? Or should we assume that we are exempted from a law that is not specifically written to include charter schools? There is no simple answer: every case is different, and schools should always check with their attorneys before making a legal decision. However, it is the CSDC’s recommendation that schools exercise restraint when

¹ Specifically, charter schools were originally exempted from all laws governing school districts except laws pertaining to the state retirement system, the charter school revolving loan fund, and the laws pertaining to minimum age for public school students.

asking for waivers to avoid asking for waivers of laws and regulations that do not apply to charter schools.

Requesting waivers from “underground” and “phantom” laws and regulations can gum-up the State Board’s agenda and may lend legitimacy to laws that are not supposed to apply to charter schools.

In spite of the new legislation, applying for a waiver is still a time-consuming process, since the school itself

must hold a public hearing before submitting an application. Nonetheless, the flexibility that waivers provide is essential for many schools with innovative programs. Ideally the state will see fit to limit the number of laws and regulations restricting charter schools. In the event that it does not, the new waiver authority may become an unfortunate necessity for an increasing number of charter schools.

—Jennifer Feller

How to apply for a waiver:

Section 33054 of the Education Code provides for charter schools to apply for general waivers under the authority of Education Code 33050. To do so:

1. Determine whether you need a waiver. Remember that charter schools are already exempted from most laws governing schools in California. You need only apply for a waiver if you need to be exempted from a law that specifically applies to charter schools.
2. Submit your waiver request to your charter-granting agency. The district (or county) is required to hold a hearing on the request within 90 days. They must then provide a written summary of the hearing, and forward the request to the State Board of Education. If disapproval of the request is recommended, they must provide written reasons for their recommendation.
3. If the district does not hold a hearing within 90 days, the governing board of your school may hold the hearing itself. Note that this hearing must be publicized (notice posted in 3 public places plus the school) first.
4. Regardless of who holds the hearing, the charter school requesting the waiver should fill out a Certification Form, which should be available soon on the CDE web site (see below) and submit the request to the Waiver Office at the CDE (address is on the General Waiver form).
5. If the hearing was held by the school, alert the district that you have submitted the request.
6. More help, including forms and a calendar for submitting requests, can be found at the State Board of Education waivers web site, found at <http://www.cde.ca.gov/waiver/>. Judy Pinegar (916-654-6853) at this office is very helpful.
7. Finally, note that your school governing board may hold a hearing on the waiver at any time, including during the 90 days the district has to hold its own hearing. That way, if the district does not hold a hearing, you will be ready to submit your request immediately after the 90 days has expired. This might be a timesaver if you believe that the district will not hold a hearing.

Designed to Align - from page 2

In 1999, the Governor approved three more key pieces of legislation. Senate Bill 1x created a statewide ranking system called the Academic Performance Index (API) that ranks schools primarily according to their scores on state tests. Senate Bill 2x created a new high school exit exam which students must pass in order to graduate. Senate Bill 638 mandated the development of standards and a test for English Language Learners called the English Language Development (ELD) standards and assessment.

To date, the following progress has been made on the above state standards and assessment initiatives. State content standards have been developed in grades K-12 in English/language arts, math, science, and history/social science. The English Language Development standards have also been developed. The STAR assessment, whose instrument is the Stanford-9 test published by Harcourt Brace, is about to be administered for the fourth year. A Spanish version of the test, the SABE/2, has also been developed and administered. The Academic Performance Index is in place, as is the Governor's Performance Award Program and the Immediate Intervention/Underperforming Schools Program, which give monetary awards for those that meet or exceed their growth targets and intervention grants for those that are not meeting their targets, respectively. The matrix test was abandoned in September 2000 (Assembly Bill 2812) after being "on hold" for over a year. Other major, recent changes and additions to the state standards and assessment system are outlined below.

State Standards Updates

New Visual and Performing Arts Standards

In September 2000, Senate Bill 1390 (Murray) was signed by the Governor, creating new state standards in dance, music, theater, and/or visual art for grades K-12. There is no assessment mandated for these standards in current legislation. However, there is some speculation about whether an arts assessment will be developed as part of the state's long-term assessment plan when the current STAR legislation ends in 2002.

Unlike non-charter public schools, charter schools are

legally required to meet all state standards. Thus, it appears that charter schools, in addition to meeting the K-12 standards in the four core academic areas, must also now meet the new arts standards. In practice, however, since there is no statewide assessment for these standards, pursuing them is probably optional. The new visual and performing arts standards are available for free downloading at www.cde.ca.gov/shsd/arts. To assist schools in implementing these standards, there is a new grant for \$25,000-\$100,000 called The Arts Work that is due annually on March 2. See the above website for an application and more information.

Performance Standards Developed for English/Language Arts

The State Board of Education (SBE) has recently adopted performance standards for English/language arts. Whereas content standards establish *what* students must know, the California performance standards attempt to establish *how well* students must know it. The new performance standards are divided into five levels: far below basic, below basic, basic, proficient, and advanced. These new performance standards will be based upon the number of questions answered correctly on the English/language arts California Standards Test (see below). While there are currently performance standards only for English/language arts, the California Department of Education (CDE) and SBE hope to develop them in the other three core academic areas by next year.

State Assessments Updates

New Stanford-9 Testing Window

For those administering the Stanford-9 (a.k.a. "SAT-9") test, the testing window has been tightened. Previously, schools had a two-month testing period from March-May and could administer the test anytime within that window. Beginning this year, there is a new 21-day window. Schools must calculate when their students have completed 85% of their instructional days, then add and subtract 10 days to create the window. For a typical school on a 180-day school calendar, 85% of the instruction will have taken place by day 153 of the school year. The school's window would be from day 143 to day

163 (probably end of March/beginning of April). Since charter schools have different school calendars, their testing windows will vary.

New California Standards Test

As the state content standards have been developed, the STAR test has been slowly aligned to them in all grades and each of the four core areas. The SAT-9 test items that were aligned to the state standards were known as the “augmented” items. English/language arts and math were the first two content areas to be augmented to the state standards. This spring, the STAR test will also be aligned to the state content standards in science and history/social science.

Meanwhile, a new law (AB 2812) passed in September 2000 has now mandated that the portion of the state test that is aligned to the state standards will now be known as the California Standards Test. Some of the questions on this test will be similar to the “augmented” questions of previous STAR tests, while others will be newly developed items. The California Standards Test, as the name implies, is designed to be aligned entirely to the California standards in the four core academic areas.

This new test has already been developed and will be administered alongside the SAT-9 test this spring. Students will receive scores for both tests. (Note, however, that performance standards have only been developed for English/language arts — see “Performance Standards” above.) Total testing time is estimated to be 8-10 hours.

High School Exit Exam Begins

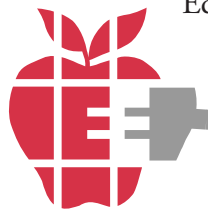
All 12th graders, beginning with the class of 2004, must pass the high school exit exam (HSEE) in order to receive a diploma. Starting this spring, 9th graders may take the exit exam. In 2001-02, 10th graders must take the exit exam. As soon as students pass a section of the test, they do not have to take that section again. The intent is for students to begin taking the test in 10th grade so that they will have a better chance of passing both sections (language arts and math) by the time they are ready to graduate.

Recently, legislators and testing experts questioned the timing of the exit exam. Some wanted the effective date of the test delayed so that it would not become effective until the graduating class of 2005. Others wanted to keep the effective date the same but make this year’s optional 9th grade test only a practice test. However, the bill that promoted changes to the HSEE (Senate Bill 84) did not pass. This legislative decision was made only two days before the high school exit exam was to be administered (on March 7 for English/language arts and March 13 for math).

Another controversy surrounded the high school exit exam earlier this year when the State Board of Education watered down the math standards. The math section of the exit exam now assesses the state math standards through grade 7 and about half of the algebra I standards. The English/language arts section assesses the grade 9/10 state English/language arts standards. For a full “blueprint” of what is covered on the HSEE, see www.cde.ca.gov/statetests/hsee/hsee.html. Charter schools should review these blueprints and the sample test questions to ensure that there is coverage and alignment with these standards in the school’s curriculum. Charter schools should also stay posted to see if the State Board of Education revises these blueprints in the future as districts and schools catch up with the higher-level algebra and other math courses.

English Language Development Test Arrives

This May, the English Language Development (ELD) test will be administered for the first time. Field tested last fall, the ELD test is a grade K-12 standards-based test that is aligned to the state ELD standards. It assesses English language fluency in four areas: listening, speaking, reading, and writing. The ELD test is used to identify English Language Learner students, to monitor their progress toward fluency, and to reclassify them once they become English proficient. New students whose first home language is not English must take the ELD test within 30 days of enrollment. Those identified as ELL students are then given the ELD test annually (any time from July-October) until they are reclassified as English



proficient. The new ELD test represents a major departure from the previous laundry list of ELL assessments that could be used by districts.

New Grades 4 and 7 Writing Assessments

Other new state tests being introduced this spring are the grade 4 and grade 7 writing assessments. These writing tests will be administered separately from the STAR test, on March 27 (with a make-up day on March 28) or on May 8 (make-up day on May 9) if the school is out of session during the March date. Students will be required to write one essay in response to a writing prompt that relates to one of the writing genres specified in the state English/language arts standards. Out-of-state readers from NCS/Pearson, a subcontractor of Harcourt Brace, will score the essays. The essays will be scored on a 4-point rubric and will each be read twice. Each reader's score will be combined into a total score of 2-8 points. This year, the writing assessment scores will be reported separately from the STAR test and California Standards Test results. For next year, the CDE plans to blend the writing assessment results into the grade 4 and 7 English/language arts performance levels.

Additions to the API

Until this year, only Stanford-9 test data has been used to determine charter schools' base scores and growth targets for the Academic Performance Index (API), California's public school ranking system. This year, the new English/language arts performance standards will be added to schools' 2001 base API score and incorporated in their 2002 growth targets. (2001 growth targets will continue to be based only on Stanford-9 test results.) As soon as performance standards are developed in the other three core academic areas (perhaps by next year), those performance scores will also factor into the API.

As far as the addition of other data into this year's API scores, it is unlikely that results from the grades 4 and 7 writing assessments will be calculated into schools' API scores. Should the writing assessment results get mapped into the English/language arts performance levels in 2002, then they will implicitly be included in the API calculations. Meanwhile, the CDE and SBE still have not

decided whether to include data from the new ELD test in schools' 2001 base API scores. Decisions will need to be made this summer. Finally, while the law calls for other data in addition to test scores to be calculated into the API, this data, including graduation and attendance rates, continues to remain unavailable and/or unreliable.

Unclear Eligibility for the II/USP

Schools that are not meeting their API growth targets may be invited to participate in the Immediate Intervention/Underperforming Schools Program (II/USP). These schools are given a \$50,000 grant and two years to improve student performance by meeting their growth targets. Those schools that do not meet their growth targets or show significant improvement during that time then face severe sanctions, including even school closure.

Whether or not charter schools are eligible to apply for the II/USP has been a subject of great debate. Some CDE staff adamantly declare that they are and always have been, while other CDE staff firmly declare that they are not. Much of the debate hinges upon the charter school funding model. (See the "Charter Funding" article in this issue.) The law establishing the charter school block grant includes the II/USP, which means that a portion of these monies should be folded into the block grant, so charter schools should not be eligible to participate in the program. The Department of Finance (DOF), however, has apparently excluded the II/USP funds from the block grant, despite law to the contrary. The Governor will propose legislation for next year's budget to support the DOF's exclusion of the II/USP money. In the mean time, charter school eligibility for II/USP remains unclear.

Conclusion

As the California Legislature, State Board of Education, and California Department of Education labor to develop a new, coherent state academic accountability system, charter schools and other public schools have been caught in a messy transition. Components of the state accountability system are being phased-in in bits and

pieces, making it difficult for schools to devise their own coherent academic accountability systems on the school level. While all public schools are facing a similar dilemma, these difficulties are felt most poignantly in charter schools, which have a higher level of academic accountability by design than regular public schools. For example, charter schools are required to meet the state standards and can face revocation of their charter for failure to do so. By contrast, the state standards are optional for non-charter public schools. In addition, charter schools, even if they perform well on the API, can still be shut down if they fail to meet the pupil outcomes or other goals listed in their charters.

Given this high level of academic accountability, it behooves charter school developers and operators to stay abreast of the constantly changing state standards and assessments. For background information about all of the above state standards and tests, see the CDE website at www.cde.ca.gov. For updates to the state academic accountability system and their implications for charter schools, check the CSDC website at www.cacharterschools.org.

—Laurie Gardner

Details about Proposition 39 - from page 2

several of the key terms. The CDE has penned a discussion draft set of regulations, but does not necessarily advocate for any particular regulatory language at this time.

Key Issues under Discussion

The CDE has convened two meetings to date to discuss the draft regulations. Attendees have included representatives from the charter school community, including the Charter Schools Development Center (CSDC) and the California Network of Educational Charters (CANEC), as well as top lobbyists from the major education associations, including the California Teachers Association (CTA), California School Boards Association (CSBA), the Coalition for Adequate School

Housing (CASH), and the Association of California School Administrators (ACSA). Discussions at these meetings have centered on several key issues and terms, including:

“Average Daily Classroom Attendance” The size and type of facilities to be provided by districts and other key factors hinge on the average daily classroom attendance (ADA) generated by charter schools. The draft definition of this term proposed by the CDE would follow the same definition used in the charter school funding process (i.e., Second Principal Apportionment Average Daily Attendance), but would exclude ADA generated through Independent Study. Charter school advocates argued that Independent Study programs also have facilities needs, albeit usually more modest than traditional “classroom-based” programs, and that these needs should be accommodated in a reasonable fashion. CTA and CASH lobbyists objected strongly to providing any facilities to Independent Study charter schools. The issue remains unresolved.

“In-District Students” Proposition 39 requires districts to provide facilities for all “in-district students.” The draft definition proposed by the CDE would generally define a student as “in-district” if the student’s parents or guardian reside in the district. This definition led to heated discussion over whether a district is required to provide facilities for charter school students who (1) reside in the district but attend a charter school located outside of district boundaries or (2) reside outside of the district but attend a charter school in the district. ACSA and CSBA lobbyists argued that it is inappropriate to require school districts to provide facilities in either circumstance. Charter school advocates noted that this would leave a large number of charter school students unhoused, contrary to the stated intent of the initiative to share facilities “fairly among **all** public school pupils” (emphasis added).

“Conditions Reasonably Equivalent” Proposition 39 requires that districts accommodate charter schools in “conditions reasonably equivalent” to those provided to students in non-charter public schools. The draft regulations define “conditions reasonably equivalent”

according to the facilities configurations most commonly used within the district and on a facilities inspection document developed by the CDE. This three-page inspection document lists several major categories, including site, maintenance, mechanical, aesthetic, space, fire/life safety, and environmental factors. However, this definition poses something of a challenge since the facilities needs of charter schools offering non-traditional programs may not closely equate to those of non-charter school programs. For example, a charter school with a performing arts emphasis may need more space for rehearsal and performance and less space for other uses than a typical public school building.

To make matters more difficult, many districts do not offer “equitable” facilities to their existing schools, and districts fear that requiring “equity” for charter schools could raise expectations district-wide. Some districts, for example, may face severe overcrowding in one section of the district and have implemented unpopular year-round, multi-track calendars to accommodate students. The CDE working group has not yet found a solution to fit charters “equitably” into an often inequitable existing system.

Though Proposition 39 requires that the facilities provided be “furnished and equipped,” the draft regulations do not clearly identify what types of furnishings and equipment should be provided. The CDE working group has only begun to address this issue. Meanwhile, the draft regulations do address maintenance, providing that ongoing maintenance and replacement of equipment would be the responsibility of the charter school and that major maintenance such as re-roofing and structural repairs would be the responsibility of the district.

“Facilities Costs” The proposition allows districts to charge charter schools for facilities costs paid from the district’s general fund, but states that charter school shall not be otherwise charged for use of the facilities. Since most districts spend little general fund revenues on facilities, it is anticipated that charter schools would pay little to occupy the district’s space and that these facilities

would therefore have to be provided nearly “rent free.” Using definitions in the *California School Accounting Manual*, the draft regulations define facilities costs as site acquisition/improvement, construction, leases, and initial installation of major equipment. However, the draft regulations exclude costs to “keep the physical plant and grounds open, clean, comfortable and in working condition and a state of repair.” These rather vague facilities costs definitions will likely require a sharper pencil as regulation drafting continues. .

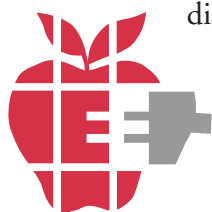
Procedures and Timelines

In addition to requiring clarification of the above terms and issues, Proposition 39 also calls on the State Board to develop regulations to govern the procedures and timelines under which charter schools notify districts of their facilities needs, occupy school sites, and reimburse districts for “overallocated” space (in the event that a school enrolls fewer students than for which it had requested facilities). The draft regulations require charter schools to reimburse districts when actual attendance is the greater of 20 students or five percent below estimates. In such a case, a charter school would be required to reimburse the district on a per-student state formula (currently at around \$1,300 per student). The draft regulations also require a charter school to notify a district of its facilities needs at least six months before the start of the school year. This requirement, while addressing many districts’ needs for relatively long lead times, may be difficult for many charter schools that do not gain final approval until a few months prior to the start of the school year.

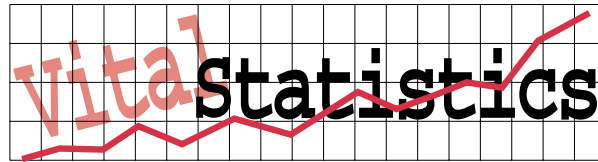
Next Steps

Though Proposition 39’s terms will not take full effect until 2003 (unless the district passes a bond measure before then), charter schools should closely monitor the development of these important regulations—a process likely to take at least a few more months. These regulations will play a key role in determining whether and how Proposition 39 assists particular types of charter schools with their facilities needs. Stay posted to the CSDC website for Prop 39 updates.

—Eric Premack



CALIFORNIA CHARTER SCHOOL



- **Total number of:**

Charter schools granted to date (including those in all-charter districts): **370**

All-charter districts (i.e. every school in the district is a charter school): **6**

Charter schools currently operating (including those in all-charter districts): **314**

Inactive charter schools: **11**

Withdrawn charters: **3**

Charters not renewed: **4**

Charters revoked: **9**

Charter schools planning to open 2001/2002: **23**

Students in California charter schools (including in all-charter districts): **122,226**

Charter-granting districts (including all-charter districts): **166**

Charter-granting counties: **16**

Charters granted by the State Board of Education: **2**

- **Districts with the largest numbers of charter schools:**

Los Angeles (**37**)

San Diego (**16**)

Twin Ridges (**13**)

Oakland (**12**)

—Tendisai Chigwedere

CSDC HAPPENINGS

New CSDC Publications:

New and improved Charter-Granting Agencies' Tool Kits! CSDC has recently released two new resources for charter grantors: an updated **California Charter-Granting Agencies' Tool Kit** (edition 5) and a brand new **National Charter-Granting Agencies Tool Kit**. Both tool kits contain an extensive array of sample documents gathered from dozens of states addressing charter review, operational relationships, oversight and monitoring, and renewal. The California edition is geared toward California-specific laws and issues, while the national edition contains a broader selection of sample documents from other states. One or both tool kits are highly recommended for all charter grantors.

Updated Charter Drafters' Tool Kit (edition 3): For those in the development stage of planning a charter school, as well as those who are going through charter renewal, this tool kit is for you! Critical documents include a sample charter petition, district impact statement, business plan, annual operating and special education agreements, and a suggested criteria for evaluating a charter petition.

Other New Charter School Publications:

Charter School Development Guide (fourth California edition, by Eric Premack). Recently revised and updated, this comprehensive "how to" guide contains practical advice and sample documents to assist charter developers during all stages of planning and starting a charter school. Included are sample petition documents, the text of the California Charter Schools Act, and a pre-operations start-up checklist.

California Charter School Finance (fourth edition, by Eric Premack). Recently updated with the newest fiscal laws and figures, this book clearly and concisely explains the complex system of charter school finance. Also included are sample financial planning documents and tables of applicable funding sources.

New Charter Friends Publications. The Charter Friends National Network has recently published a series of helpful booklets for charter schools on such topics as special education, personnel, and creating effective governing boards. Download them for free from www.charterfriends.org/tech-assist.html

Farewell and Welcome

CSDC bids a fond farewell to **Joleen Gutierrez**, our former Administrative Associate, and **Sarah Melvoin**, our Project Associate. Joleen is now working as Senior Administrator for the California State Bar Association. Sarah will be teaching in a private college preparatory school in San Francisco. We thank them for their work at CSDC and wish them both well in their new endeavors.

We would also like to welcome our two newest additions. **Jennifer Feller**, Incubator Project and *Charter Currents* Coordinator, and **Kerri Stead**, our new Administrative Associate. Prior to joining CSDC, Jennifer was a founding middle school teacher at the Neighborhood House Charter School in Boston and a founding administrator at Shackleton School, an expedition-based high school in central Massachusetts. She received her B.A. from Yale and her M.Ed. from the Harvard Graduate School of Education.

Kerri Stead was formerly Staff Assistant to Gary Hart and others at the Institute for Education Reform and also served as Campus Visit Coordinator at CSU, Sacramento. In her spare time, she coordinates weddings; she is an events coordinator extraordinaire! We are delighted that Jennifer and Kerri have joined our team!

For more detailed information about our workshops, publications, and projects, please see our website at www.cacharterschools.org, email CSDC@calstate.edu, or call (916) 278-6069.

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Providing experienced technical support to charter school developers, operators, and charter-granting agencies.



Charter Schools Development Center

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CSDC offers a full range of workshops, "how to" publications, and other resources. Check our website, email or call us for more information.

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New Charter School Incubator Project!

The Charter Schools Development Center is pleased to introduce its "Incubator Project," an opportunity for promising charter school development groups to partner with some of California's most experienced charter school experts to ensure successful start-up of their schools. Potential Incubator groups must be committed to a rigorous school design and charter drafting process and willing to spend at least one year in the charter planning process. Call CSDC for more information.



Upcoming CSDC Workshops:

Charter School Development

An intensive, full-day workshop addressing all critical aspects of planning and starting a charter school, including school design, charter drafting, district/county negotiation, and start-up.

- March 13, 2001, Burbank Hilton Hotel, 9:00 am-5:00 pm

Charter School Accountability

A full-day, comprehensive workshop on charter school accountability issues, including student performance, financial and operational accountability, new charter laws and regulations, and renewal.

- March 14, 2001, Burbank Hilton Hotel, 9:00 am-5:00 pm

Charter School Leadership Institute

Dubbed the "boot camp," this popular and intensive, six-day Institute provides participants with the fundamental leadership and technical skills required to successfully manage a charter school. Topics addressed include student performance, finance, law, governance, personnel, special education, leadership, facilities, and management. This Institute is for both new and experienced charter school operators who seek to explore difficult charter operational issues in depth. Registration is by application only and is limited to 50 participants. See the Leadership Institute pages on the CSDC web site (www.cacharterschools.org) for more information.

- June 27-July 2, 2001, Granlibakken Executive Conference Center, Lake Tahoe



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